

FINAL BUDGET OF

KHÂI-MA

MUNICIPALITY



2013/14 TO 2015/16
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

Table of Contents

ANNEXURE	
PART 1 – ANNUAL BUDGET	
1.1 MAYOR'S REPORT.....	1
1.2 COUNCIL RESOLUTIONS	3
1.3 EXECUTIVE SUMMARY	4
1.4 OPERATING REVENUE FRAMEWORK	5
1.5 OPERATING EXPENDITURE FRAMEWORK.....	12
1.6 CAPITAL EXPENDITURE	15
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	17
PART 2 – SUPPORTING DOCUMENTATION	33
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	33
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	34
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	38
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	44
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	46
2.6 OVERVIEW OF BUDGET FUNDING	47
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	60
2.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	62
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	ERROR! BOOKMARK NOT DEFINED.
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS	71
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	72
2.12 CAPITAL EXPENDITURE DETAILS	72
2.13 LEGISLATION COMPLIANCE STATUS	80
2.14 OTHER SUPPORTING DOCUMENTS.....	81
2.15 MUNICIPAL MANAGER'S QUALITY CERTIFICATE	ERROR! BOOKMARK NOT DEFINED.

List of Tables

Table 1 Consolidated Overview of the 2012/13 MTREF	5
Table 2 Summary of revenue classified by main revenue source.....	6
Table 3 Percentage growth in revenue by main revenue source	6
Table 4 Operating Transfers and Grant Receipts.....	7
Table 5 Comparison of proposed rates to levied for the 2012/13 financial year	8
Table 6 Proposed Water Tariffs	9
Table 7 Comparison between current water charges and increases (Domestic)	9
Table 8 Comparison between current electricity charges and increases (Domestic).....	10
Table 9 Comparison between current sanitation charges and increases.....	10
Table 10 Comparison between current sanitation charges and increases, single dwelling- houses.....	11
Table 11 Comparison between current waste removal fees and increases	11

Table 12 MBRR Table SA14 – Household bills.....	12
Table 13 Summary of operating expenditure by standard classification item	13
Table 14 Operational repairs and maintenance	15
Table 15 Repairs and maintenance per asset class.....	15
Table 16 2011/12 Medium-term capital budget per vote	15
Table 17 MBRR Table A1 - Budget Summary	17
Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	20
Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	22
Table 20 Surplus/(Deficit) calculations for the trading services	23
Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	24
Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	26
Table 23 MBRR Table A6 - Budgeted Financial Position	26
Table 24 MBRR Table A7 - Budgeted Cash Flow Statement	29
Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	29
Table 26 MBRR Table A9 - Asset Management.....	31
Table 27 MBRR Table A10 - Basic Service Delivery Measurement	32
Table 28 IDP Strategic Objectives	35
Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	38
Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	37
Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	38
Table 32 MBRR Table SA7 - Measurable performance objectives.....	41
Table 33 MBRR Table SA8 - Performance indicators and benchmarks.....	42
Table 34 Credit rating outlook	46
Table 35 Breakdown of the operating revenue over the medium-term	49
Table 36 Proposed tariff increases over the medium-term.....	50
Table 37 MBRR SA15 – Detail Investment Information	52
Table 38 MBRR SA16 – Investment particulars by maturity.....	52
Table 39 Sources of capital revenue over the MTREF	52
Table 40 MBRR Table SA 17 - Detail of borrowings	54
Table 41 MBRR Table SA 18 - Capital transfers and grant receipts	55
Table 42 MBRR Table A7 - Budget cash flow statement.....	56
Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	58
Table 44 MBRR SA10 – Funding compliance measurement.....	59
Table 45 MBRR SA19 - Expenditure on transfers and grant programmes.....	61
Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds.....	62
Table 47 MBRR SA22 - Summary of councillor and staff benefits	63

Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)	64
Table 49 MBRR SA24 – Summary of personnel numbers	65
Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure	66
Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	67
Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	68
Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	69
Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	70
Table 55 MBRR SA30 - Budgeted monthly cash flow.....	71
Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure	71
Table 57 Water Services Department – Performance objectives and indicators	71
Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class	73
Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	72
Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class.....	75
Table 61 MBRR SA35 - Future financial implications of the capital budget	77
Table 62 MBRR SA36 - Detailed capital budget per municipal vote	79
Table 63 MBRR SA37 - Projects delayed from previous financial year.....	78
Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance	81
Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)	
Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position	84
Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	85
Table 68 MBRR SA32 – List of external mechanisms	85

List of Figures

Abbreviations and Acronyms

LED	Local Economic Development	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

Part 1 – Annual Budget

1.1 Mayor's Report

BUDGET REPORT 2013/2014				
The operating and capital budget of the Council has been compiled in order to comply with the Municipal Finance Management Act, 2003.				
Two key concepts that were considered in compiling the budget were:				
1. The Budget must be funded according to MFMA section 18 (1).				
2. The budget must be credible.				
There has been budgeted for a deficit of R 649,580 on the operating budget while the total capital budget amounting to R14,503,360 has been funded from Government Grants.				
Council also budget to take up a loan to replace obsolete vehicles.				
The deficit of R 649,580 is due to financial instruments budgeted according GRAP. It has a effect on the cashflow budget. (Refer to Table SA6, Table SA7, Table SA8).				
No changes were made to the budget related policies of council.				
Statistics:				
Expenditure by source versus Total Budget :				
		R	R	%
Employee related costs:	R	16 898 620	R 50 289 190	33.60
Working capital	R	1 935 610	R 50 289 190	3.85
Depreciation	R	2 391 740	R 50 289 190	4.76
Interest external borrowing	R	336 520	R 50 289 190	0.67
Bulk purchases	R	6 103 770	R 50 289 190	9.52
General expenditure	R	5 780 000	R 50 289 190	11.49
Repair and maintance	R	1 571 000	R 50 289 190	3.12
Grant Expenditure	R	15 271 930	R 50 289 190	30.37
		R 50 289 190		
Income by source versus Total Budget :				
		R	R	
Property rates	R	2 995 700	R 64 142 970	5
Service charges	R	14 340 530	R 64 142 970	21
External interest investments	R	200 000	R 64 142 970	0
Interest Outstanding debtors	R	803 000	R 64 142 970	1
Grants and subsidies	R	43 964 940	R 64 142 970	70
Other income	R	1 838 800	R 64 142 970	3
		R 64 142 970		
		R 13 853 780		

In order to finance the increase in salaries, wages and allowances of officials and councilors, the provision for impairment of debts, provision for depreciation and the normal increases in general expenditure and repair and maintenance to the council's capital assets, the following increase in tariffs are recommended:				
Electricity - 7.5% (NER approved)				
Water - 7.34% (15% increase Pella Water Board tariffs)				
Sewerage - 21.43%				
Refuse Removal - 19.4%				
Assessment - 8%				
In compiling the budget cognisance was taken of the fact that there has been still no development in the council's area of jurisdiction for a number of years.				
All capital expenditure on infrastructure such as water, sewerage, electricity and refuse removal is financed from grants received from central and provincial government with the result that no development is possible.				
Council cannot finance IDP projects due to the tax base that is inadequate.				
Council received R10,723,000 from MIG for the 2012/2013. (50% of the allocation is still unspent). The allocation for the 2013/2014 from MIG amounting to R10,181,000.				
Indigents amount to 78% of the council's consumers which are financed from the equitable share grant received from Central Government, with the result that only 22 % contribute towards the council tax base which is hopelessly inadequate to finance any development in the council's area of jurisdiction.				
The overspending of the 6kl water is one of the main reasons why council cannot fulfil its financial commitments and obligations.				
Provision has been made in the operating budget for an amount of R1,935,610 for provision for the impairment of debt, which is not cashed backed.				
It is therefore obvious that only labour intensive projects should in future be undertaken in order to address the chronic unemployment and poverty that exists in the council's area of jurisdiction.				
Grants received from central and provincial departments are as follows:				
Municipal Infrastructure Grant:		R 10 181 000	(Capital)	
Finance Management Grant:		R 1 650 000	(Operating)	
Municipal Improvement Grant:		R 890 000	(Operating)	
Equitable Share		R 13 134 000	(Operating)	
Library Development Grant:		R 541 000	(Operating)	
Vedanta		R 1 400 000	(Operating)	
		R 27 796 000		
A.J. JOSOP				
MAYOR				

1.2 Council Resolutions

On 31 May 2013 the Council of Khâi-MA Local Municipality met in the Council Chambers of Khâi-MA Municipality to consider the final annual budget of the municipality for the financial year 2013/14. The Council approved and adopted the following resolutions:

1. The Council of Khâi-MA Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The final annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Khâi-MA Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for the supply of water – as set out in Annexure C
 - 2.4. the tariffs for sanitation services – as set out in Annexure E
 - 2.5. the tariffs for solid waste services – as set out in Annexure F
3. The Council of Khâi-MA Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2013 the tariffs for other services, as set out in Annexures G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of Khâi-MA Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipalities financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality business and service delivery priorities were reviewed as part of this year's planning and budget process.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No. 51,54,58 and 67 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Pella Water Board and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the draft budget for 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Draft Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- An upper limit of expenditure was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Refreshments and entertainment
 - Subsistence and Travelling.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

	Adjustment Budget	Budget	Budget	Budget
R Thousand	2012/2013	2013/2014	2014/2015	2015/2016
Total Operating Revenue	46 743 470	49 679 610	43 253 550	45 920 530
Total Operating Expenditure	47 393 370	50 289 190	39 717 691	42 005 920
Surplus/ (Deficit for the year)	-649 900	-609 580	3 535 859	3 914 610
Transfer recognised -capital	11 873 000	14 463 360	6 865 974	6 372 641
Surplus/ (Deficit for the year)	11 223 100	13 853 780	10 401 833	10 287 251
		6.28	-12.93	6.16

Total operating revenue has increased by 6.28% or R2,936,140 for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will decrease by 12.93% during 2014/2015 and increase by 6.16% during 2015/2016 respectively when compared to the 2012/13 financial year.

1.4 Operating Revenue Framework

For the KhâI-MA Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NC067 Khai-Ma - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Revenue By Source											
Property rates	2	1 602	1 790	2 044	2 698	2 443	2 443	2 443	2 996	3 175	3 366
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	2 905	3 341	3 940	4 667	5 061	5 061	5 061	6 084	6 449	6 836
Service charges - water revenue	2	1 112	1 354	4 137	5 483	6 064	6 064	6 064	6 386	10 217	10 831
Service charges - sanitation revenue	2	576	607	637	744	793	793	793	1 132	1 811	1 919
Service charges - refuse revenue	2	377	422	474	564	614	614	614	739	1 182	1 253
Service charges - other		6	-	-	11	20	20	20	20	31	33
Rental of facilities and equipment		113	118	129	100	135	135	135	433	459	487
Interest earned - external investments		244	424	351	200	200	200	200	200	212	225
Interest earned - outstanding debtors		756	617	854	712	803	803	803	803	851	902
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		25	21	17	20	20	20	20	30	32	34
Licences and permits		16	24	29	30	30	30	30	36	38	40
Agency services		104	105	110	100	131	131	131	135	143	152
Transfers recognised - operational		10 221	20 871	20 651	28 984	28 995	28 995	28 995	29 502	17 680	18 939
Other revenue	2	233	1 121	598	1 182	1 434	1 434	1 434	1 185	972	904
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		18 290	30 816	33 974	45 496	46 743	46 743	46 743	49 680	43 254	45 921

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms not a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise more than one thirds of the total revenue mix. In the 2013/14 financial year, revenue from rates and services charges totalled R17,3 million. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Operating grants and transfers totals R 28,9 million in the 2012/13 financial year and increases to R 29,5 million by 2013/14. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

NC067 Khai-Ma - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		11 283	13 096	12 961	16 419	16 279	16 279	16 188	17 093	18 302
Local Government Equitable Share		7 683	9 566	10 921	12 489	12 489	12 489	13 134	13 810	14 833
Finance Management		2 750	2 850	1 250	1 500	1 400	1 400	1 650	1 800	1 950
Municipal Systems Improvement		850	680	790	800	760	760	765	934	1 000
Municipal Infrastructure		-	-		1 630	1 630	1 630	639	549	519
Other transfers/grants [insert description]										
Provincial Government:		428	14 472	7 716	11 745	11 771	11 771	13 314	587	637
Housing		123	13 986	7 300	11 250	11 350	11 350	12 780	-	-
Library		305	195	416	495	415	415	484	587	637
Tourism		-	14		-	-	-	-	-	-
EPWP		-	278		-	-	-	-	-	-
Sport and Recreation		-	-		-	-	-	50	-	-
Prov. Communication		-	-		-	6	6	-	-	-
District Municipality:		495	103	39	800	895	895	-	-	-
Namakwa DM		495	103		800	858	858	-	-	-
NDM -LG SETA		-	-	39	-	37	37	-	-	-
Other grant providers:		4	-	-	20	50	50	-	-	-
Other		4	-		20	50	50	-	-	-
Total Operating Transfers and Grants	5	12 210	27 671	20 715	28 984	28 995	28 995	29 502	17 680	18 939

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Pella Water Board bulk tariffs are far beyond the mentioned inflation target.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2008 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R25000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- State department granted 10% of the value of a property.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a **8.00** per cent increase from 1 July 2013 is contained below:

Table 4 Comparison of proposed rates to levied for the 2013/14 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2012)
	C	C
Residential properties	0.0275	0.012
State owned properties	0.0275	0.0108
Business & Commercial	0.0275	0.018
Agricultural	0.0001035	0.000650
Vacant land	0.0275	0.012
Municipal rateable	0	0.012
Industrial	0.0275	0.018
Non-permitted use	0	0
Public benefit organisation properties	0	0

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

A tariff increase of 7.34 per cent from 1 July 2013 for water is proposed.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 1 >	8.85	9.50
BUSSINESS		
(ii) 1>	8.85	9.50

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 6 Comparison between current water charges and increases (Domestic)

Monthly consumption kl	Current amount payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change %
20	177	190	13	7.34
30	266	285	20	7.34
40	354	380	26	7.34
50	443	475	33	7.34
80	708	760	52	7.34
100	885	950	65	7.34

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 11.03 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012.

All indigents will received 50 kWh free of charge.

Table 7 Comparison between current electricity charges and increases (Domestic)

TARIFF INCREASES FROM 2009/2010 UNTIL 2015/2016																
		2009/10	% INCREASE	2010/11	% INCREASE	2011/12	% INCREASE	2012/13	% INCREASE	2013/14	% INCREASE	2014/15	% INCREASE	2015/16	% INCREASE	
Electricity prepaid (Econ)		0.82	74.47	0.95	15.85	1.11	16.84	1.24	11.71	1.33	7.50	1.42	7	1.52	7	
Electricity prepaid (Indigent)		0.70	48.94	0.81	15.71	0.97	19.75	1.05	10.18	1.13	7.50	1.21	7	1.29	7	

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2013. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

A tariff increase of 21.43 per cent for sanitation from 1 July 2013 is proposed. The following factors also contribute to the proposed tariff increase:

- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R1011,680 for the 2013/14 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2012/13		PROPOSED TARIFF 2013/14	
	per cent DISCHARGED	Basic	per cent DISCHARGED	Basic
		R		R
Residential and Indigents		70.00		85.00
Business		90.00		110.00

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 9 Comparison between current sanitation charges and increases, single dwelling-houses

Monthly sanitation	Current amount	Proposed amount	Difference
Consumption	payable	Payable	(% increase)
	R	R	R
First pump	70.00	85.00	21.43%

1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit due to high percentage of indigents.

A proposed 19.4 per cent increase in the waste removal tariff is proposed from 1 July 2013. Any increase higher than 19.4% per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2013:

Table 10 Comparison between current waste removal fees and increases

	CURRENT TARIFFS 2012/13			PROPOSED TARIFFS 2013/14		
		WASTE REMOVAL	CLEANING		WASTE REMOVAL	CLEANING
Tariff per container per month or part of a month:Residencial		Per month (R)67.00			Per month (R)80.00	
Tariff per container per month or part of a month:Business		Per month(R)95.00			Per month (R)110.00	

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 19.40 per cent. The increase for indigent households is also 19.4% and will be subsidized from the equitable share.

Table 12 MBRR Table SA14 – Household bills

NC067 Khai-Ma - Supporting Table SA14 Household bills											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		177.10	192.20	217.35	234.43	234.43	234.43		700.00	749.00	801.43
Electricity: Basic levy		–	–	–							
Electricity: Consumption		820.00	970.00	1 160.00	1 230.00	1 230.00	1 230.00		1 330.00	1 423.10	1 522.72
Water: Basic levy		51.00	55.00	60.50	65.00	65.00	65.00		90.00	96.30	103.04
Water: Consumption		120.00	156.00	204.00	265.50	265.50	265.50		285.00	307.80	329.35
Sanitation		55.00	59.40	65.30	70.00	70.00	70.00		85.00	90.95	97.32
Refuse removal		52.80	57.00	62.70	67.00	67.00	67.00		80.00	85.60	91.59
Other		–	–	–							
sub-total		1 275.90	1 489.60	1 769.85	1 931.93	1 931.93	1 931.93	33.0%	2 570.00	2 752.75	2 945.45
VAT on Services		–	–	–							
Total large household bill:		1 275.90	1 489.60	1 769.85	1 931.93	1 931.93	1 931.93	33.0%	2 570.00	2 752.75	2 945.45
% increase/-decrease			16.7%	18.8%	9.2%	–	–		33.0%	7.1%	7.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		–	–	–							
Electricity: Basic levy		–	–	–							
Electricity: Consumption		408.36	408.36	577.68	812.00	812.00	812.00		500.00	535.00	572.45
Water: Basic levy		51.00	62.00	60.50	65.00	65.00	65.00		90.00	96.30	103.04
Water: Consumption		100.00	130.00	170.00	221.25	221.25	221.25		237.50	254.12	266.83
Sanitation		55.00	59.40	65.30	70.00	70.00	77.17		85.00	90.95	97.32
Refuse removal		52.80	57.00	62.70	67.00	67.00	67.00		80.00	85.60	91.59
Other		–	–	–							
sub-total		667.16	716.76	936.18	1 235.25	1 235.25	1 242.42	(19.7%)	992.50	1 061.97	1 131.23
VAT on Services		–	–	–							
Total small household bill:		667.16	716.76	936.18	1 235.25	1 235.25	1 242.42	(19.7%)	992.50	1 061.97	1 131.23
% increase/-decrease			7.4%	30.6%	31.9%	–	0.6%		(20.1%)	7.0%	6.5%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		–	–	–					300.00	324.00	346.68
Electricity: Basic levy		–	–	–							
Electricity: Consumption		287.00	332.50	406.00	430.50	430.50	430.50		339.00	362.73	388.12
Water: Basic levy		51.00	55.00	60.50	65.00	65.00	65.00		90.00	96.30	103.04
Water: Consumption		24.00	31.20	40.80	123.90	123.90	123.90		133.00	142.31	152.27
Sanitation		55.00	59.40	65.30	70.00	70.00	70.00		85.00	90.95	97.32
Refuse removal		62.80	55.00	62.70	67.00	67.00	67.00		80.00	85.60	91.59
Other		–	–	–							
sub-total		479.80	533.10	635.30	756.40	756.40	756.40	35.8%	1 027.00	1 101.89	1 179.02
VAT on Services		–	–	–							
Total small household bill:		479.80	533.10	635.30	756.40	756.40	756.40	35.8%	1 027.00	1 101.89	1 179.02
% increase/-decrease			11.1%	19.2%	19.1%	–	–		35.8%	7.3%	7.0%
References											
1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water											
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water											
3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)											

1.5 Operating Expenditure Framework

The municipalities expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (Expenditure)											
Description	Ref	2009/10	2010/11	Dec-11	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type											
Employee related costs	2	5 794	6 245	8 492	11 550	12 528	12 528	12 528	14 907	15 876	16 908
Remuneration of councillors		1 421	1 399	1 587	1 774	1 789	1 789	1 789	1 991	2 121	2 258
Debt impairment	3	2 696	1 575	4 249	1 913	1 813	1 813	1 813	1 936	2 034	2 134
Depreciation & asset impairment	2	1 440	1 769	2 094	2 300	2 447	2 447	2 447	2 392	2 514	2 637
Finance charges		679	899	658	221	221	221	221	347	364	382
Bulk purchases	2	3 385	4 003	4 951	5 687	5 627	5 627	5 627	6 504	6 835	7 170
Other materials	8	725	1 015		1 153	1 365	1 365	1 365	1 393	1 464	1 535
Contracted services		156	210	242	10	280	280	280	5	5	6
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	5 756	12 516	16 873	21 134	21 302	21 302	21 302	20 796	8 483	8 953
Loss on disposal of PPE		0	34	189	-	20	20	20	20	21	22
Total Expenditure		22 054	29 665	39 336	45 744	47 393	47 393	47 393	50 289	39 718	42 006

The budgeted allocation for employee related costs for the 2013/14 financial year totals R14,9 million, which equals 33. per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2013/14 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The provision of debt impairment was determined based on an annual collection rate of 80% per cent and the Debt Write-off Policy of the municipality.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). All longterm loans are redeemed.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Pella Waterboard. The annual price increases have been factored into the budget

appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipalities infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2013/14 financial year.

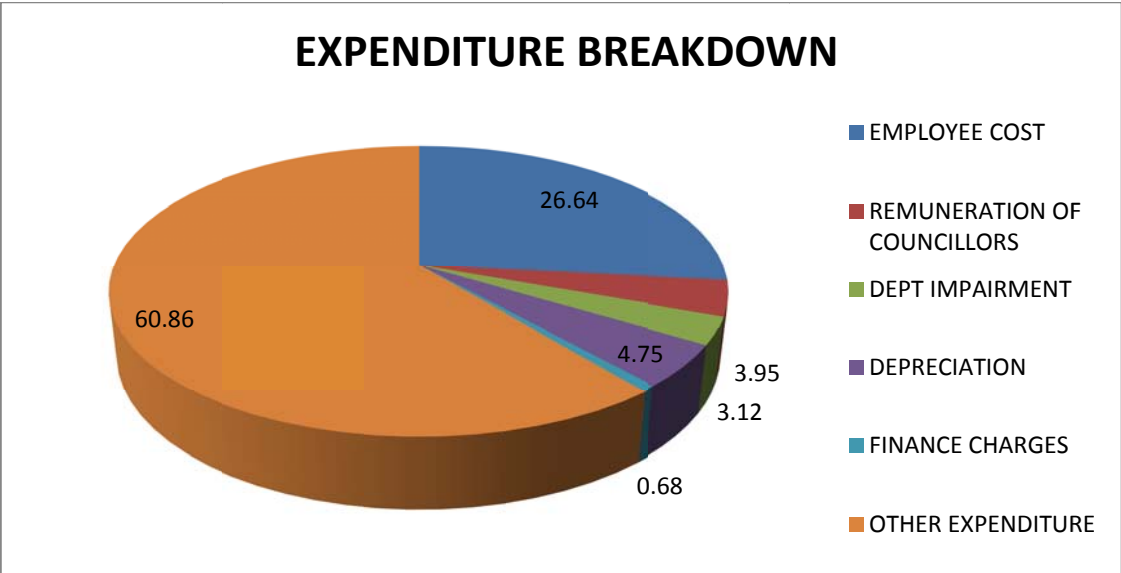


Figure 1 Main operational expenditure categories for the 2013/14 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipalities current infrastructure, the 2013/14 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality.

Table 14 Operational repairs and maintenance

NC067 Khai-Ma - Table A4 Budgeted Financial Performance											
Description	Ref	2009/10	2010/2011	2011/2012	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Other materials	8	725	1 015		1 153	1 365	1 365	1 365	1 393	1 464	1 535
Contracted services		156	210	242	10	280	280	280	5	5	6
		881	1 225	242	1 163	1 645	1 645	1 645	1 398	1 469	1 541

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		1 440	1 769	2 094	2 300	2 447	2 447	2 392	2 514	2 637
Repairs and Maintenance by Asset	3	725	740	1 063	1 570	1 601	1 601	1 707	1 794	1 881
Infrastructure - Road transport		–	–	9	173	126	126	15	16	17
Infrastructure - Electricity		527	509	99	150	200	200	150	158	165
Infrastructure - Water		90	103	374	400	400	400	300	315	331
Infrastructure - Sanitation		–	–	16	16	8	8	20	21	22
Infrastructure - Other		29	32	54	15	15	15	130	137	143
Infrastructure		645	644	552	754	749	749	615	646	678
Community		4	30	9	46	56	56	16	16	17
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	76	66	502	770	797	797	1 076	1 131	1 186
TOTAL EXPENDITURE OTHER ITEMS		2 165	2 508	3 157	3 870	4 048	4 048	4 098	4 307	4 518

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipalities Indigent Policy. The target is to register 1700 or more indigent households during the 2013/14 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote: Table 16 2012/13 Medium-term capital budget per vote

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CAPITAL EXPENDITURE										
Total New Assets	1	1 409	9 051	3 339	10 133	11 913	9 064	15 803	6 866	6 373
Infrastructure - Road transport		478	656	431	3 450	3 450	3 450	9 367	6 866	6 373
Infrastructure - Electricity		1	40	41	1 000	1 000	1 000	2 053	-	-
Infrastructure - Water		323	7 256	1 552	-	-	-	-	-	-
Infrastructure - Sanitation		95	40	70	2 731	1 600	1 600	-	-	-
Infrastructure - Other		-	-	176	-	-	-	-	-	-
Infrastructure		897	7 993	2 270	7 181	6 050	6 050	11 420	6 866	6 373
Community		195	295	502	2 912	4 303	1 455	2 849	-	-
Heritage assets		-	-	2	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	317	764	566	40	1 560	1 560	1 535	-	-
Total Capital Expenditure	4									
Infrastructure - Road transport		478	656	431	3 450	3 450	3 450	9 367	6 866	6 373
Infrastructure - Electricity		1	40	41	1 000	1 000	1 000	2 053	-	-
Infrastructure - Water		323	7 256	1 552	-	-	-	-	-	-
Infrastructure - Sanitation		95	40	70	2 731	1 600	1 600	-	-	-
Infrastructure - Other		-	-	176	-	-	-	-	-	-
Infrastructure		897	7 993	2 270	7 181	6 050	6 050	11 420	6 866	6 373
Community		195	295	502	2 912	4 303	1 455	2 849	-	-
Heritage assets		-	-	2	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		317	764	566	40	1 560	1 560	1 535	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	1 409	9 051	3 339	10 133	11 913	9 064	15 803	6 866	6 373
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	-	2 099	2 368	5 813	5 813	5 813	12 590	19 318	25 545
Infrastructure - Electricity		-	2 750	2 664	3 570	3 570	3 570	5 556	5 472	5 383
Infrastructure - Water		-	14 114	15 205	19 069	19 069	19 069	13 778	13 052	12 306
Infrastructure - Sanitation		-	2 823	2 777	5 435	4 157	4 157	4 227	4 151	4 070
Infrastructure - Other		17 956	1 752	1 742	1 070	1 070	1 070	1 142	1 016	865
Infrastructure		17 956	23 538	24 755	34 957	33 679	33 679	37 293	43 008	48 169
Community		8 646	8 596	8 913	14 099	15 490	12 641	12 903	12 738	12 566
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	75	-	-	-	75	75	75
Other assets		28 329	30 811	30 405	30 200	31 720	31 720	31 569	30 371	29 118
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		428	387	342	387	387	387	342	342	342
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	55 360	63 332	64 490	79 643	81 276	78 427	82 182	86 534	90 270
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		1 440	1 769	2 094	2 300	2 447	2 447	2 392	2 514	2 637
Repairs and Maintenance by Asset Class	3	725	740	1 063	1 570	1 601	1 601	1 707	1 794	1 881
Infrastructure - Road transport		-	-	9	173	126	126	15	16	17
Infrastructure - Electricity		527	509	99	150	200	200	150	158	165
Infrastructure - Water		90	103	374	400	400	400	300	315	331
Infrastructure - Sanitation		-	-	16	16	8	8	20	21	22
Infrastructure - Other		29	32	54	15	15	15	130	137	143
Infrastructure		645	644	552	754	749	749	615	646	678
Community		4	30	9	46	56	56	16	16	17
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	76	66	502	770	797	797	1 076	1 131	1 186
TOTAL EXPENDITURE OTHER ITEMS		2 165	2 508	3 157	3 870	4 048	4 048	4 098	4 307	4 518
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		1.3%	1.2%	1.7%	2.0%	2.0%	2.1%	2.1%	2.1%	2.1%
Renewal and R&M as a % of PPE		1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

For 2013/14 an amount of R15,8 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget.

Total new assets represent 100 per cent or R15,8 million of the total capital budget while asset renewal equates to 0 per cent. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Backlog eradication of roads – R8,3 million;

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

Table 17 MBRR Table A1 - Budget Summary

NC067 Khai-Ma - Table A1 Budget Summary										
Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	1 602	1 790	2 044	2 698	2 443	2 443	2 443	2 996	3 175	3 366
Service charges	4 976	5 724	9 189	11 469	12 552	12 552	12 552	14 360	19 691	20 872
Investment revenue	244	424	351	200	200	200	200	200	212	225
Transfers recognised - operational	10 221	20 871	20 651	28 984	28 995	28 995	28 995	29 502	17 680	18 939
Other own revenue	1 247	2 007	1 738	2 145	2 554	2 554	2 554	2 622	2 495	2 518
Total Revenue (excluding capital transfers and contributions)	18 290	30 816	33 974	45 496	46 743	46 743	46 743	49 680	43 254	45 921
Employee costs	5 794	6 245	8 492	11 550	12 528	12 528	12 528	14 907	15 876	16 908
Remuneration of councillors	1 421	1 399	1 587	1 774	1 789	1 789	1 789	1 991	2 121	2 258
Depreciation & asset impairment	1 440	1 769	2 094	2 300	2 447	2 447	2 447	2 392	2 514	2 637
Finance charges	679	899	658	221	221	221	221	347	364	382
Materials and bulk purchases	4 110	5 018	4 951	6 841	6 992	6 992	6 992	7 896	8 299	8 706
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	8 609	14 335	21 554	23 058	23 415	23 415	23 415	22 756	10 544	11 115
Total Expenditure	22 054	29 665	39 336	45 744	47 393	47 393	47 393	50 289	39 718	42 006
Surplus/(Deficit)	(3 764)	1 151	(5 362)	(248)	(650)	(650)	(650)	(610)	3 536	3 915
Transfers recognised - capital	1 834	8 601	3 147	10 093	11 873	9 024	9 024	14 463	6 866	6 373
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Capital expenditure & funds sources										
Capital expenditure	1 409	9 051	3 339	10 133	11 913	9 064	9 064	15 803	6 866	6 373
Transfers recognised - capital	1 409	8 601	3 147	10 093	11 873	9 024	9 024	14 463	6 866	6 373
Public contributions & donations	-	218	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	1 300	-	-
Internally generated funds	-	231	192	40	40	40	40	40	-	-
Total sources of capital funds	1 409	9 051	3 339	10 133	11 913	9 064	9 064	15 803	6 866	6 373
Financial position										
Total current assets	11 658	12 403	16 099	8 993	8 738	11 586	11 586	23 514	30 635	38 342
Total non current assets	55 360	63 332	64 490	79 643	81 276	78 427	78 427	82 182	86 534	90 270
Total current liabilities	14 668	12 962	18 495	6 573	6 573	9 421	9 421	8 643	9 401	10 236
Total non current liabilities	5 542	6 212	7 582	6 897	6 897	6 897	6 897	9 425	9 703	9 986
Community wealth/Equity	46 808	56 560	54 511	75 165	76 543	73 694	73 694	87 594	97 996	108 283
Cash flows										
Net cash from (used) operating	6 470	9 078	7 313	13 325	13 796	13 796	13 796	23 325	9 330	8 921
Net cash from (used) investing	(1 946)	(9 778)	(2 866)	(10 133)	(11 913)	(9 064)	(9 064)	(15 803)	(6 866)	(6 373)
Net cash from (used) financing	(553)	(485)	(402)	6	6	6	6	1 306	6	8
Cash/cash equivalents at the year end	6 493	5 309	9 353	4 753	3 445	6 293	6 293	15 121	17 591	20 147
Cash backing/surplus reconciliation										
Cash and investments available	6 493	5 309	9 353	4 753	3 444	6 293	6 293	15 154	17 449	20 019
Application of cash and investments	9 015	9 195	13 881	3 740	3 045	5 894	5 894	1 690	(1 108)	(4 819)
Balance - surplus (shortfall)	(2 522)	(3 886)	(4 528)	1 013	399	399	399	13 465	18 558	24 837
Asset management										
Asset register summary (WDV)	55 360	63 332	64 490	79 643	81 276	78 427	82 182	82 182	86 534	90 270
Depreciation & asset impairment	1 440	1 769	2 094	2 300	2 447	2 447	2 392	2 392	2 514	2 637
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	725	740	1 063	1 570	1 601	1 601	1 707	1 707	1 794	1 881
Free services										
Cost of Free Basic Services provided	3 095	4 100	5 027	5 404	5 404	5 404	6 632	6 632	6 989	7 367
Revenue cost of free services provided	3 926	5 007	5 990	6 443	6 443	6 443	12 050	12 050	12 678	13 341

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipalities budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC067 Khai-Ma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A										
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Revenue by Vote	1									
Vote 1 - Municipal Manager		797	260	261	–	158	158	439	331	348
1.1 - Council and General		797	260	261	–	158	158	439	331	348
1.2 - Municipal Manager		–	–	–	–	–	–	–	–	–
Vote 2 - Finance		10 164	14 697	14 909	17 885	17 556	17 556	19 013	20 218	21 679
2.1 - Assessment Rates		1 751	1 862	2 135	2 848	2 593	2 593	3 146	3 334	3 535
2.2 - Chief Financial Officer		(60)	2 443	1 437	2 069	1 830	1 830	1 853	2 141	2 325
2.3 - Internal Auditor		47	161	171	232	331	331	250	263	278
2.4 - Other Subsidies		8 178	9 960	10 921	12 489	12 489	12 489	13 134	13 810	14 833
2.5 - Property Services		106	120	95	97	132	132	430	456	484
2.6 - Vehicle Licencing and Testing		143	150	150	150	181	181	201	213	225
Vote 3 - Corporate Services		737	1 176	4 264	3 973	6 757	3 909	3 617	819	882
3.1 - Cemetery		0	–	4	4	4	4	7	11	11
3.2 - Corporate Services		270	446	352	205	244	244	208	221	234
3.3 - Disaster Management		–	–	–	–	–	–	–	–	–
3.4 - Library		405	310	416	495	495	424	625	587	637
3.5 - Municipal and Public Buildings		5	395	3 404	3 270	4 815	2 037	2 778	0	0
3.6 - Public Works		56	26	88	–	1 200	1 200	–	–	–
Vote 4 - Infrastructure Development		8 206	15 521	17 672	22 461	22 745	22 745	27 736	28 334	28 994
4.1 - Electricity		2 935	3 404	4 014	5 695	6 233	6 233	8 166	6 482	6 871
4.2 - Parks and Recreation		7	48	5	5	5	5	5	5	6
4.3 - Refuse		439	493	1 523	2 165	2 501	2 501	841	1 291	1 368
4.4 - Roads		491	679	976	3 933	3 933	3 933	10 542	7 827	7 265
4.5 - Sewerage		737	725	686	4 620	3 444	3 444	1 212	1 895	2 009
4.6 - Television		–	–	–	–	–	–	–	–	–
4.7 - Water		3 596	10 173	10 467	6 043	6 629	6 629	6 971	10 832	11 475
Vote 5 - Economic Development		220	7 762	15	11 270	11 400	11 400	13 339	419	389
5.1 - Housing		206	7 745	–	11 250	11 350	11 350	12 780	–	–
5.2 - IDP/LED		–	16	15	20	50	50	559	419	389
5.3 - Tourism		14	1	–	–	–	–	–	–	–
Total Revenue by Vote	2	20 124	39 417	37 121	55 589	58 616	55 768	64 143	50 120	52 293
Expenditure by Vote	1									
Vote 1 - Municipal Manager		2 389	2 534	3 411	3 646	3 434	3 434	4 667	4 961	5 272
1.1 - Council and General		1 970	2 215	2 551	2 897	2 947	2 947	3 489	3 708	3 939
1.2 - Municipal Manager		419	319	860	749	487	487	1 178	1 253	1 333
Vote 2 - Finance		3 989	4 672	3 378	5 201	5 266	5 266	5 379	5 743	6 115
2.1 - Assessment Rates		4	498	300	300	200	200	350	368	386
2.2 - Chief Financial Officer		3 148	3 292	2 401	3 903	3 932	3 932	3 906	4 192	4 484
2.3 - Internal Auditor		47	153	160	219	311	311	236	251	267
2.4 - Other Subsidies		716	635	380	380	320	320	400	420	441
2.5 - Property Services		51	46	81	214	321	321	416	437	459
2.6 - Vehicle Licencing and Testing		22	48	56	186	182	182	71	75	78
Vote 3 - Corporate Services		3 166	3 649	3 782	5 425	5 903	5 903	6 141	6 516	6 910
3.1 - Cemetery		157	117	135	200	214	214	245	258	273
3.2 - Corporate Services		2 239	2 746	2 508	3 850	4 055	4 055	4 361	4 634	4 923
3.3 - Disaster Management		6	7	73	121	96	96	91	95	100
3.4 - Library		435	461	626	853	1 101	1 101	945	1 002	1 063
3.5 - Municipal and Public Buildings		301	317	441	401	438	438	500	526	551
3.6 - Public Works		28	(0)	–	–	–	–	–	0	0
Vote 4 - Infrastructure Development		11 969	12 843	16 826	19 496	20 932	20 932	20 013	21 108	22 234
4.1 - Electricity		2 895	3 554	4 249	4 587	4 836	4 836	5 353	5 635	5 921
4.2 - Parks and Recreation		362	299	346	403	408	408	487	514	541
4.3 - Refuse		1 710	1 687	3 359	4 864	5 353	5 353	3 183	3 366	3 557
4.4 - Roads		528	657	1 294	918	1 006	1 006	1 056	1 117	1 180
4.5 - Sewerage		1 851	1 970	2 370	2 466	2 804	2 804	3 151	3 333	3 521
4.6 - Television		45	37	42	43	51	51	53	55	58
4.7 - Water		4 578	4 641	5 166	6 216	6 473	6 473	6 730	7 088	7 456
Vote 5 - Economic Development		540	5 967	11 939	11 975	11 858	11 858	14 089	1 390	1 475
5.1 - Housing		206	5 758	11 933	11 250	11 350	11 350	12 780	–	–
5.2 - IDP/LED		247	75	161	525	299	299	1 035	1 099	1 165
5.3 - Tourism		87	134	186	200	209	209	275	292	309
Total Expenditure by Vote	2	22 054	29 665	39 336	45 744	47 393	47 393	50 289	39 718	42 006
Surplus/(Deficit) for the year	2	(1 929)	9 752	(2 215)	9 845	11 223	8 375	13 854	10 402	10 287

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function.

4. Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC067 Khai-Ma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Revenue by Vote</u>	1									
Vote 1 - Municipal Manager		797	260	261	-	158	158	439	331	348
Vote 2 - Finance		10 164	14 697	14 909	17 885	17 556	17 556	19 013	20 218	21 679
Vote 3 - Corporate Services		737	1 176	4 264	3 973	6 757	3 909	3 617	819	882
Vote 4 - Infrastructure Development		8 206	15 521	17 672	22 461	22 745	22 745	27 736	28 334	28 994
Vote 5 - Economic Development		220	7 762	15	11 270	11 400	11 400	13 339	419	389
Total Revenue by Vote	2	20 124	39 417	37 121	55 589	58 616	55 768	64 143	50 120	52 293
<u>Expenditure by Vote to be appropriated</u>	1									
Vote 1 - Municipal Manager		2 389	2 534	3 411	3 646	3 434	3 434	4 667	4 961	5 272
Vote 2 - Finance		3 989	4 672	3 378	5 201	5 266	5 266	5 379	5 743	6 115
Vote 3 - Corporate Services		3 166	3 649	3 782	5 425	5 903	5 903	6 141	6 516	6 910
Vote 4 - Infrastructure Development		11 969	12 843	16 826	19 496	20 932	20 932	20 013	21 108	22 234
Vote 5 - Economic Development		540	5 967	11 939	11 975	11 858	11 858	14 089	1 390	1 475
Total Expenditure by Vote	2	22 054	29 665	39 336	45 744	47 393	47 393	50 289	39 718	42 006
Surplus/(Deficit) for the year	2	(1 929)	9 752	(2 215)	9 845	11 223	8 375	13 854	10 402	10 287

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 11 Surplus/(Deficit) calculations for the trading services

NC067 Khai-Ma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)											
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<u>Electricity</u>											
Electricity income		2 935	3 404	4 014	5 695	6 233	6 233	8 166	6 482	6 871	
Electricity expenditure		2 895	3 554	4 249	4 587	4 836	4 836	5 353	5 635	5 921	
Surplus/ (Deficit)		40	(149)	(235)	1 109	1 396	1 396	2 813	848	950	
		1.38	(4.20)	(5.53)	24.17	28.87	28.87	52.54	15.05	16.15	
<u>Water</u>											
Water income		3 596	10 173	10 467	6 043	6 629	6 629	6 971	10 832	11 475	
Water expenditure		4 578	4 641	5 166	6 216	6 473	6 473	6 730	7 088	7 456	
Surplus/ (Deficit)	2	(982)	5 532	5 301	(173)	156	156	241	3 744	4 019	
		21.45	(119.20)	102.61	2.78	2.88	2.88	5.25	1.50	1.60	

2. The electricity trading surplus is deteriorating over the 2013/14 MTREF from 52.54 per cent in 2014/15 to 15.05 per cent and by 2015/16 15.15 per sent. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account remains relatively constant over the MTREF translating into a deficit of 5.25 per cent, 1.5 per cent and 1.60 per cent for each of the respective financial years.

Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Revenue By Source											
Property rates	2	1 602	1 790	2 044	2 698	2 443	2 443	2 443	2 996	3 175	3 366
Property rates - penalties & collection charges		—	—	—	—	—	—	—			
Service charges - electricity revenue	2	2 905	3 341	3 940	4 667	5 061	5 061	5 061	6 084	6 449	6 836
Service charges - water revenue	2	1 112	1 354	4 137	5 483	6 064	6 064	6 064	6 386	10 217	10 831
Service charges - sanitation revenue	2	576	607	637	744	793	793	793	1 132	1 811	1 919
Service charges - refuse revenue	2	377	422	474	564	614	614	614	739	1 182	1 253
Service charges - other		6	—	—	11	20	20	20	20	31	33
Rental of facilities and equipment		113	118	129	100	135	135	135	433	459	487
Interest earned - external investments		244	424	351	200	200	200	200	200	212	225
Interest earned - outstanding debtors		756	617	854	712	803	803	803	803	851	902
Dividends received		—	—	—	—	—	—	—			
Fines		25	21	17	20	20	20	20	30	32	34
Licences and permits		16	24	29	30	30	30	30	36	38	40
Agency services		104	105	110	100	131	131	131	135	143	152
Transfers recognised - operational		10 221	20 871	20 651	28 984	28 995	28 995	28 995	29 502	17 680	18 939
Other revenue	2	233	1 121	598	1 182	1 434	1 434	1 434	1 185	972	904
Gains on disposal of PPE		—	—	—	—	—	—	—			
Total Revenue (excluding capital transfers and contributions)		18 290	30 816	33 974	45 496	46 743	46 743	46 743	49 680	43 254	45 921
Expenditure By Type											
Employee related costs	2	5 794	6 245	8 492	11 550	12 528	12 528	12 528	14 907	15 876	16 908
Remuneration of councillors		1 421	1 399	1 587	1 774	1 789	1 789	1 789	1 991	2 121	2 258
Debt impairment	3	2 696	1 575	4 249	1 913	1 813	1 813	1 813	1 936	2 034	2 134
Depreciation & asset impairment	2	1 440	1 769	2 094	2 300	2 447	2 447	2 447	2 392	2 514	2 637
Finance charges		679	899	658	221	221	221	221	347	364	382
Bulk purchases	2	3 385	4 003	4 951	5 687	5 627	5 627	5 627	6 504	6 835	7 170
Other materials	8	725	1 015	—	1 153	1 365	1 365	1 365	1 393	1 464	1 535
Contracted services		156	210	242	10	280	280	280	5	5	6
Transfers and grants		—	—	—	—	—	—	—	—	—	—
Other expenditure	4, 5	5 756	12 516	16 873	21 134	21 302	21 302	21 302	20 796	8 483	8 953
Loss on disposal of PPE		0	34	189	—	20	20	20	20	21	22
Total Expenditure		22 054	29 665	39 336	45 744	47 393	47 393	47 393	50 289	39 718	42 006
Surplus/(Deficit)											
Transfers recognised - capital		(3 764)	1 151	(5 362)	(248)	(650)	(650)	(650)	(610)	3 536	3 915
Contributions recognised - capital	6	1 834	8 601	3 147	10 093	11 873	9 024	9 024	14 463	6 866	6 373
Contributed assets		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Taxation		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Share of surplus/ (deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R46.7 million in 2012/13 and increase due to the grant allocations to R49.6 million by 2013/14 and decrease to R43.2 in 2014/2015 and R45.9 million in 2015/2016.
2. Revenue to be generated from property rates is R2.9 million in the 2013/14 financial year and increases to R3.1 million by 2014/15 and by 2015/2016 R3.3 million. It remains relatively constant over the medium-term and tariff increases have been factored in at 8 per cent, 7 per cent and 7 per cent for each of the respective financial years of the MTREF.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are decreasing rapidly over the MTREF. The municipality is grant dependent and is it important to increase the equitable share every year.

Figure 2 Expenditure by major type

5. Bulk purchases have significantly increased over the 2009/10 to 2015/16 period. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Pella Water Board.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NC067 Khai-Ma - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	7 993	-	4 450	4 450	4 450	4 450	11 420	6 866	6 373
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	7 993	-	4 450	4 450	4 450	4 450	11 420	6 866	6 373
Single-year expenditure to be appropriated	2										
Vote 1 - Municipal Manager		274	341	171	40	180	180	180	165	-	-
Vote 2 - Finance		225	422	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	295	821	2 912	5 503	2 655	2 655	4 219	-	-
Vote 4 - Infrastructure Development		910	-	2 348	2 731	1 780	1 780	1 780	-	-	-
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1 409	1 058	3 339	5 683	7 463	4 614	4 614	4 384	-	-
Total Capital Expenditure - Vote		1 409	9 051	3 339	10 133	11 913	9 064	9 064	15 803	6 866	6 373
Capital Expenditure - Standard											
<i>Governance and administration</i>		274	456	171	40	180	180	180	165	-	-
Executive and council		274	353	171	40	180	180	180	165	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-
Corporate services		-	103	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		225	574	821	2 912	5 503	2 655	2 655	4 219	-	-
Community and social services		225	530	821	2 912	5 503	2 655	2 655	4 219	-	-
Sport and recreation		-	44	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		491	656	389	3 450	3 450	3 450	3 450	9 367	6 866	6 373
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		491	656	389	3 450	3 450	3 450	3 450	9 367	6 866	6 373
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		419	7 365	1 958	3 731	2 780	2 780	2 780	2 053	-	-
Electricity		1	40	-	1 000	1 000	1 000	1 000	2 053	-	-
Water		323	7 284	1 443	-	-	-	-	-	-	-
Waste water management		93	40	28	2 731	1 780	1 780	1 780	-	-	-
Waste management		1	-	487	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	1 409	9 051	3 339	10 133	11 913	9 064	9 064	15 803	6 866	6 373
Funded by:											
National Government		1 409	7 394	2 316	10 093	10 313	7 535	7 535	11 270	6 866	6 373
Provincial Government		-	385	27	-	-	-	-	141	-	-
District Municipality		-	808	804	-	360	360	360	1 000	-	-
Other transfers and grants		-	15	-	-	1 200	1 129	1 129	2 053	-	-
Transfers recognised - capital	4	1 409	8 601	3 147	10 093	11 873	9 024	9 024	14 463	6 866	6 373
Public contributions & donations	5	-	218	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	1 300	-	-
Internally generated funds		-	231	192	40	40	40	40	40	-	-
Total Capital Funding	7	1 409	9 051	3 339	10 133	11 913	9 064	9 064	15 803	6 866	6 373

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 23 MBRR Table A6 - Budgeted Financial Position

NC067 Khai-Ma - Table A6 Budgeted Financial Position											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Current assets											
Cash		7 223	287	57	4 553	3 244	3 244	3 244	12 633	12 157	11 906
Call investment deposits	1	–	5 021	9 296	200	200	200	200	3 000	3 150	3 200
Consumer debtors	1	2 134	1 927	2 672	3 027	4 080	4 080	4 080	3 444	6 100	8 947
Other debtors		1 235	2 012	1 447	113	113	113	113	1 500	1 500	1 500
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inv enory	2	1 067	3 155	2 627	1 100	1 100	1 100	1 100	2 627	2 627	2 627
Total current assets		11 658	12 403	16 099	8 993	8 738	8 738	8 738	23 204	25 534	28 180
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Inv estments		–	–	–	–	–	–	–	–	–	–
Inv estment property		–	–	75	–	–	–	–	75	75	75
Inv estment in Associate		–	–	–	–	–	–	–	–	–	–
Property , plant and equipment	3	54 932	62 945	64 073	79 256	80 889	80 889	80 889	78 812	83 437	87 460
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		428	387	342	387	387	387	387	342	342	342
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		55 360	63 332	64 490	79 643	81 276	81 276	81 276	79 229	83 854	87 877
TOTAL ASSETS		67 017	75 734	80 589	88 635	90 013	90 013	90 013	102 433	109 388	116 056
LIABILITIES											
Current liabilities											
Bank overdraft	1	730	–	–	–	–	–	–	–	–	–
Borrowing	4	120	260	19	–	–	–	–	–	–	–
Consumer deposits		54	51	66	70	70	70	70	76	82	90
Trade and other payables	4	13 197	12 025	17 365	6 412	6 412	6 412	6 412	7 522	8 274	9 101
Provisions		566	627	1 045	91	91	91	91	1 045	1 045	1 045
Total current liabilities		14 668	12 962	18 495	6 573	6 573	6 573	6 573	8 643	9 401	10 236
Non current liabilities											
Borrowing		243	74	55	–	–	–	–	–	–	–
Provisions		5 299	6 138	7 527	6 897	6 897	6 897	6 897	8 125	8 613	9 130
Total non current liabilities		5 542	6 212	7 582	6 897	6 897	6 897	6 897	8 125	8 613	9 130
TOTAL LIABILITIES		20 210	19 175	26 077	13 470	13 470	13 470	13 470	16 768	18 014	19 366
NET ASSETS	5	46 808	56 560	54 511	75 165	76 543	76 543	76 543	85 665	91 374	96 690
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		42 589	52 476	50 563	71 398	72 776	72 776	72 776	81 987	87 832	93 283
Reserves	4	4 218	4 083	3 949	3 767	3 767	3 767	3 767	3 677	3 542	3 407
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	46 808	56 560	54 511	75 165	76 543	76 543	76 543	85 665	91 374	96 690

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as

“accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24 MBRR Table A7 - Budgeted Cash Flow Statement

NC067 Khai-Ma - Table A7 Consolidated Budgeted Cash Flows											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		9 745	6 875	11 020	13 498	13 780	13 780	13 780	20 374	22 571	23 753
Government - operating	1	10 252	22 911	21 314	28 984	30 775	30 775	30 775	29 502	17 680	18 939
Government - capital	1	1 804	6 301	8 840	10 093	10 093	10 093	10 093	11 615	6 866	6 373
Interest		998	1 041	1 206	912	912	912	912	200	212	225
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(15 798)	(27 602)	(34 566)	(39 941)	(41 543)	(41 543)	(41 543)	(38 019)	(37 634)	(39 987)
Finance charges		(531)	(448)	(501)	(221)	(221)	(221)	(221)	(347)	(364)	(382)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		6 470	9 078	7 313	13 325	13 796	13 796	13 796	23 325	9 330	8 921
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(1 946)	(9 778)	(2 866)	(10 133)	(11 913)	(9 064)	(9 064)	(15 803)	(6 866)	(6 373)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 946)	(9 778)	(2 866)	(10 133)	(11 913)	(9 064)	(9 064)	(15 803)	(6 866)	(6 373)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	1 300	-	-
Increase (decrease) in consumer deposits		7	(3)	15	6	6	6	6	6	6	8
Payments											
Repayment of borrowing		(560)	(481)	(417)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(553)	(485)	(402)	6	6	6	6	1 306	6	8
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	2 522	6 493	5 309	1 555	1 555	1 555	1 555	6 293	15 121	17 591
Cash/cash equivalents at the year end:	2	6 493	5 309	9 353	4 753	3 445	6 293	6 293	15 121	17 591	20 147

Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC067 Khai-Ma - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	6 493	5 309	9 353	4 753	3 445	6 293	6 293	15 121	17 591	20 147
Other current investments > 90 days		0	0	0	(0)	(0)	(0)	(0)	(0)	(210)	(234)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		6 493	5 309	9 353	4 753	3 444	6 293	6 293	15 121	17 381	19 913
Application of cash and investments											
Unspent conditional transfers		8 894	6 118	10 527	-	-	2 849	2 849	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	108	3 063	3 339	3 726	3 031	3 031	3 031	1 676	(1 122)	(4 833)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	13	14	15	14	14	14	14	14	14	14
Total Application of cash and investments:		9 015	9 195	13 881	3 740	3 045	5 894	5 894	1 690	(1 108)	(4 819)
Surplus(shortfall)		(2 522)	(3 886)	(4 528)	1 013	399	399	399	13 431	18 489	24 731

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 26 MBRR Table A9 - Asset Management

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	1 409	9 051	3 339	10 133	11 913	9 064	15 803	6 866	6 373
Infrastructure - Road transport		478	656	431	3 450	3 450	3 450	9 367	6 866	6 373
Infrastructure - Electricity		1	40	41	1 000	1 000	1 000	2 053	-	-
Infrastructure - Water		323	7 256	1 552	-	-	-	-	-	-
Infrastructure - Sanitation		95	40	70	2 731	1 600	1 600	-	-	-
Infrastructure - Other		-	-	176	-	-	-	-	-	-
Infrastructure		897	7 993	2 270	7 181	6 050	6 050	11 420	6 866	6 373
Community		195	295	502	2 912	4 303	1 455	2 849	-	-
Heritage assets		-	-	2	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	317	764	566	40	1 560	1 560	1 535	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		478	656	431	3 450	3 450	3 450	9 367	6 866	6 373
Infrastructure - Electricity		1	40	41	1 000	1 000	1 000	2 053	-	-
Infrastructure - Water		323	7 256	1 552	-	-	-	-	-	-
Infrastructure - Sanitation		95	40	70	2 731	1 600	1 600	-	-	-
Infrastructure - Other		-	-	176	-	-	-	-	-	-
Infrastructure		897	7 993	2 270	7 181	6 050	6 050	11 420	6 866	6 373
Community		195	295	502	2 912	4 303	1 455	2 849	-	-
Heritage assets		-	-	2	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	317	764	566	40	1 560	1 560	1 535	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	1 409	9 051	3 339	10 133	11 913	9 064	15 803	6 866	6 373
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	-	2 099	2 368	5 813	5 813	5 813	12 590	19 318	25 545
Infrastructure - Electricity		-	2 750	2 664	3 570	3 570	3 570	5 556	5 472	5 383
Infrastructure - Water		-	14 114	15 205	19 069	19 069	19 069	13 778	13 052	12 306
Infrastructure - Sanitation		-	2 823	2 777	5 435	4 157	4 157	4 227	4 151	4 070
Infrastructure - Other		17 956	1 752	1 742	1 070	1 070	1 070	1 142	1 016	865
Infrastructure		17 956	23 538	24 755	34 957	33 679	33 679	37 293	43 008	48 169
Community		8 646	8 596	8 913	14 099	15 490	12 641	12 903	12 738	12 566
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	75	-	-	-	75	75	75
Other assets		28 329	30 811	30 405	30 200	31 720	31 720	31 569	30 371	29 118
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		428	387	342	387	387	387	342	342	342
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	55 360	63 332	64 490	79 643	81 276	78 427	82 182	86 534	90 270
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	1 440	1 769	2 094	2 300	2 447	2 447	2 392	2 514	2 637
<u>Repairs and Maintenance by Asset Class</u>		725	740	1 063	1 570	1 601	1 601	1 707	1 794	1 881
Infrastructure - Road transport		-	-	9	173	126	126	15	16	17
Infrastructure - Electricity		527	509	99	150	200	200	150	158	165
Infrastructure - Water		90	103	374	400	400	400	300	315	331
Infrastructure - Sanitation		-	-	16	16	8	8	20	21	22
Infrastructure - Other		29	32	54	15	15	15	130	137	143
Infrastructure		645	644	552	754	749	749	615	646	678
Community		4	30	9	46	56	56	16	16	17
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	76	66	502	770	797	797	1 076	1 131	1 186
TOTAL EXPENDITURE OTHER ITEMS		2 165	2 508	3 157	3 870	4 048	4 048	4 098	4 307	4 518
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		1.3%	1.2%	1.7%	2.0%	2.0%	2.1%	2.1%	2.1%	2.1%
Renewal and R&M as a % of PPE		1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class

Table 27 MBRR Table A10 - Basic Service Delivery Measurement

NC067 Khai-Ma - Table A10 Basic service delivery measurement										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets	1									
Water:										
Piped water inside dwelling		43	55	125	56	56	56	59	81	84
Piped water inside yard (but not in dwelling)		55	60	50	75	75	75	79	105	130
Using public tap (at least min.service level)	2	—	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		98	115	175	131	131	131	138	186	214
Using public tap (< min.service level)	3	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	98	115	175	131	131	131	138	186	214
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		43	55	125	56	—	—	59	81	84
Flush toilet (with septic tank)		55	60	50	75	—	—	79	105	130
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		—	—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)		41	35	30	20	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		139	150	205	151	—	—	138	186	214
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		—	—	—	—	—	—	—	—	—
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	139	150	205	151	—	—	138	186	214
Energy:										
Electricity (at least min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (min.service level)		40	51	50	110	110	110	158	212	231
<i>Minimum Service Level and Above sub-total</i>		40	51	50	110	110	110	158	212	231
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	40	51	50	110	110	110	158	212	231
Refuse:										
Removed at least once a week		1 850	1 865	2 026	2 035	2 035	2 035	2 136	2 163	2 194
<i>Minimum Service Level and Above sub-total</i>		1 850	1 865	2 026	2 035	2 035	2 035	2 136	2 163	2 194
Removed less frequently than once a week		—	—	—	—	—	—	—	—	—
Using communal refuse dump		—	—	—	—	—	—	—	—	—
Using own refuse dump		—	—	—	—	—	—	—	—	—
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	1 850	1 865	2 026	2 035	2 035	2 035	2 136	2 163	2 194
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		1 445	1 563	1 698	1 700	1 700	1 700	1 700	1 785	1 874
Sanitation (free minimum level service)		1 445	1 563	1 698	1 700	1 700	1 700	1 700	1 785	1 874
Electricity/other energy (50kwh per household per month)		1 367	1 485	1 620	1 700	1 700	1 700	1 700	1 785	1 874
Refuse (removed at least once a week)		1 445	1 563	1 698	1 700	1 700	1 700	1 700	1 785	1 874
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		950	1 617	2 174	2 309	2 309	2 309 240	2 786	2 936	3 095
Sanitation (free sanitation service)		959	1 114	1 230	1 328	1 328	1 328 000	1 734	1 827	1 926
Electricity/other energy (50kwh per household per month)		246	300	400	400	400	400 000	480	506	533
Refuse (removed once a week)		940	1 069	1 223	1 367	1 367	1 367	1 632	1 720	1 813
Total cost of FBS provided (minimum social package)		3 095	4 100	5 027	5 404	5 404	5 404	6 632	6 989	7 367
Highest level of free service provided										
Property rates (R value threshold)		25 000	25 000	25 000	25 000	25 000	25 000	15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)		55	59	63	67	67	67	85	91	97
Electricity (kwh per household per month)		50	50	50	50	50	50	80	86	92
Refuse (average litres per week)		5	5	5	5	5	5	5	5	5
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		831	907	963	1 039	1 039	1 038 990	5 418	5 689	5 973
Property rates (other exemptions, reductions and rebates)		—	—	—	—	—	—	—	—	—
Water		950	1 617	2 174	2 309	2 309	2 309 240	2 786	2 936	3 095
Sanitation		959	1 114	1 230	1 328	1 328	1 328 000	1 734	1 827	1 926
Electricity/other energy		246	300	400	400	400	400 000	480	506	533
Refuse		940	1 069	1 223	1 367	1 367	1 366 800	1 632	1 720	1 813
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Total revenue cost of free services provided (total social package)	6	3 926	5 007	5 990	6 443	6 443	6 443	12 050	12 678	13 341

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The municipalities IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54 and 67 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
 - Pensioners cannot afford the tariff increases due to low annual pension increases; and
 - During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.
-
- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2013, was factored into the proposed consumer tariffs, applicable from 1 July 2012. This resulted in an increase of 7.5 per cent.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and

direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

Table 13 IDP Strategic Objectives

2012/2013 Financial Year	2013/14 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Maintaining the infrastructure of the municipality.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing the municipality in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure. Table 14 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue.

NC067 Khai-Ma - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand													
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation	A		439	644	1 523	2 165	2 501	2 501	841	1 291	1 368	
	Develop, manage and regulate the built and natural environment	B		–	–	15	20	50	50	559	419	389	
Quality Living Environment	Meet service needs and address backlogs	C		7 966	17 732	15 379	31 541	31 589	31 589	39 670	27 038	27 620	
Safe, Healthy and Secure Environment	Promoting the safety of citizens	D		143	156	150	150	181	181	201	213	225	
	Promoting the health of citizens	E		0	3	4	4	4	4	7	11	11	
Embracing our Cultural Diversity	Promote sport and recreation within the town	F		7	10	5	5	5	5	5	5	6	
Good Governance	Ensure accessibility and promote governance.	G		1 327	5 307	4 176	3 862	5 601	5 601	4 272	1 374	1 469	
	Create an efficient, effective and accountable administration	H		326	305	440	205	1 444	1 444	208	221	234	
Financial Viability and Sustainability	Strategic and sustainable budgeting, Grow and diversify our revenues and Value for money expenditure	I		9 916	15 261	15 430	17 637	17 243	17 243	18 382	19 549	20 970	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	20 124	39 417	37 121	55 589	58 616	58 616	64 143	50 120	52 293

Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC067 Khai-Ma - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Sustaining the Natural and Built	Climate protection and pollution minimisation	A		1 528	1 904	3 359	4 864	5 353	5 353	3 183	3 366	3 557
	Develop, manage and regulate the built and	B		247	506	161	525	299	299	1 035	1 099	1 165
Quality Living Environment	Meet service needs and address backlogs	C		10 086	15 110	24 672	25 567	26 599	26 599	29 070	17 173	18 079
Safe, Healthy and Secure	Promoting the safety of citizens	D		28	101	129	177	148	148	162	170	178
	Promoting the health of citizens	E		157	159	135	200	214	214	245	258	273
Embracing our Cultural Diversity	Promote sport and recreation within the town	F		362	308	346	403	408	408	487	514	541
Good Governance	Ensure accessibility and promote	G		2 845	3 389	3 884	4 565	5 016	5 016	5 624	5 964	6 321
	Create an efficient, effective and accountable	H		2 704	2 791	3 410	4 642	4 593	4 593	5 592	5 943	6 314
Financial Viability and Sustainability	Strategic and sustainable budgeting, Grow	I		4 097	5 398	3 241	4 802	4 763	4 763	4 892	5 231	5 578
Allocations to other priorities												
Total Expenditure			1	22 054	29 665	39 336	45 744	47 393	47 393	50 289	39 718	42 006

Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC067 Khai-Ma - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Vote 2 - Economic Development										
Function 1 - Housing										
Sub-function 1 - Housing										
Provision of New Housing Units	% Completed	40.0%	80.0%	80.0%	80.0%	60.0%	50.0%	60.0%	70.0%	80.0%
Vote 4 - Infrastructure Development										
Function 1 - Water										
Sub-function 1 - Water Distribution										
Upgrading of water supply networks - Access to water	% of Households	60.0%	80.0%	80.0%	80.0%	60.0%	80.0%	70.0%	75.0%	80.0%
Function 2 - Waste Water Management										
Sub-function 1 - Sewerage										
Upgrading of sewerage networks - Access to sanitation	% of Households	20.0%	80.0%	80.0%	20.0%	35.0%	40.0%	70.0%	85.0%	90.0%
Function 3 - Waste Management										
Sub-function 1 - Solid Waste										
Extension/New land fill sites	% Completed	40.0%	80.0%	80.0%	5.0%	15.0%	30.0%	50.0%	65.0%	70.0%
Function 4 - Electricity										
Sub-function 1 - Electricity										
Provision of new electricity connections - Access to electricity	% of Households	35.0%	20.0%	20.0%	15.0%	20.0%	30.0%	50.0%	65.0%	75.0%
Function 5 - Parks and Recreation										
Sub-function 1 - Parks										
Upgrading of Sport Facilities	% Completed	5.0%	80.0%	80.0%	10.0%	15.0%	25.0%	30.0%	45.0%	50.0%
Function 6 - Roads										
Sub-function 1 - Roads										
Provision of new access roads	% Completed	5.0%	80.0%	80.0%	5.0%	5.0%	5.0%	50.0%	60.0%	75.0%

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and must implement a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

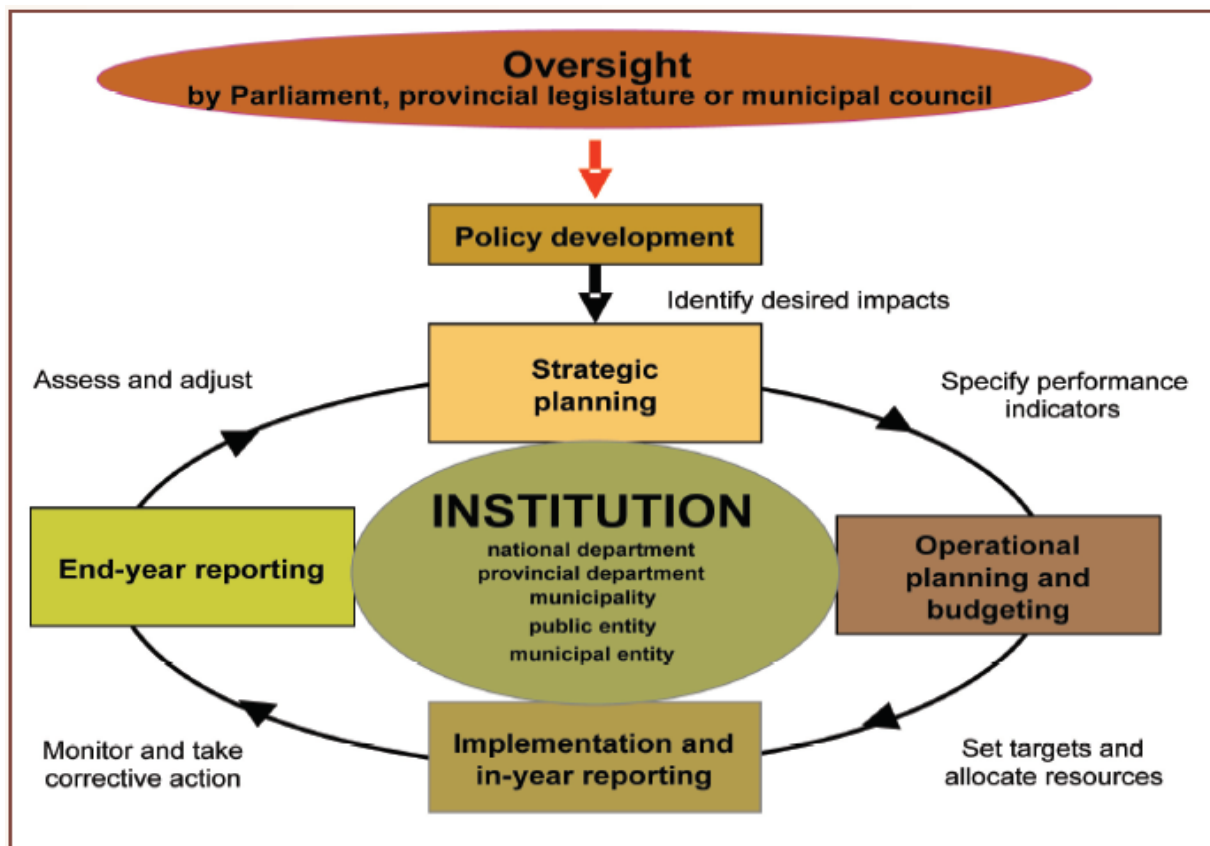


Figure 3 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

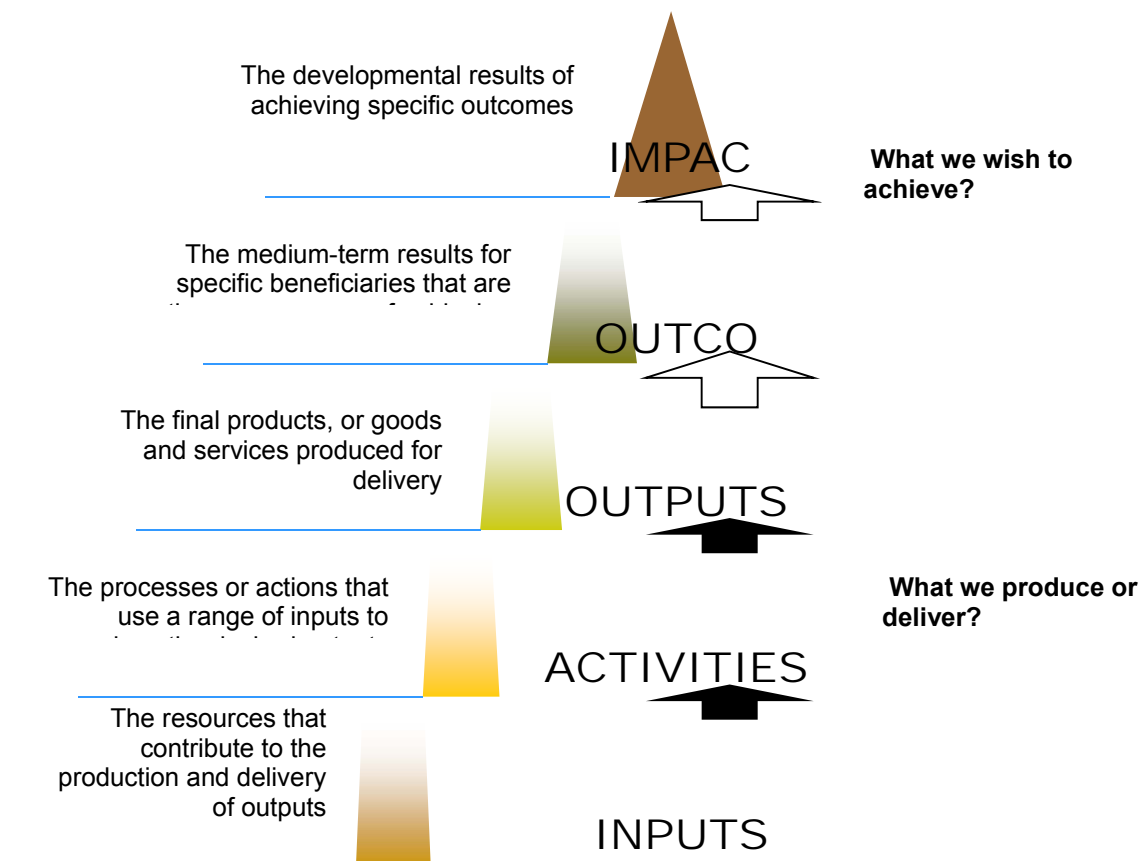


Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 15 MBRR Table SA7 - Measurable performance objectives

NC067 Khai-Ma - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Vote 2 - Economic Development										
Function 1 - Housing										
Sub-function 1 - Housing										
Provision of New Housing Units	% Completed	40.0%	80.0%	80.0%	80.0%	60.0%	50.0%	60.0%	70.0%	80.0%
Vote 4 - Infrastructure Development										
Function 1 - Water										
Sub-function 1 - Water Distribution										
Upgrading of water supply networks - Access to water	% of Households	60.0%	80.0%	80.0%	80.0%	60.0%	80.0%	70.0%	75.0%	80.0%
Function 2 - Waste Water Management										
Sub-function 1 - Sewerage										
Upgrading of sewerage networks - Access to sanitation	% of Households	20.0%	80.0%	80.0%	20.0%	35.0%	40.0%	70.0%	85.0%	90.0%
Function 3 - Waste Management										
Sub-function 1 - Solid Waste										
Extension/New land fill sites	% Completed	40.0%	80.0%	80.0%	5.0%	15.0%	30.0%	50.0%	65.0%	70.0%
Function 4 - Electricity										
Sub-function 1 - Electricity										
Provision of new electricity connections - Access to electricity	% of Households	35.0%	20.0%	20.0%	15.0%	20.0%	30.0%	50.0%	65.0%	75.0%
Function 5 - Parks and Recreation										
Sub-function 1 - Parks										
Upgrading of Sport Facilities	% Completed	5.0%	80.0%	80.0%	10.0%	15.0%	25.0%	30.0%	45.0%	50.0%
Function 6 - Roads										
Sub-function 1 - Roads										
Provision of new access roads	% Completed	5.0%	80.0%	80.0%	5.0%	5.0%	5.0%	50.0%	60.0%	75.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Table 16 MBRR Table SA8 - Performance indicators and benchmarks

NC067 Khai-Ma - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.6%	4.7%	2.7%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	15.4%	13.9%	8.1%	1.3%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	5.8%	1.8%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.8	1.0	0.9	1.4	1.3	1.3	1.3	2.7	2.7	2.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	1.0	0.9	1.4	1.3	1.3	1.3	2.7	2.7	2.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.4	0.5	0.7	0.5	0.5	0.5	1.8	1.6	1.5
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		124.5%	72.2%	85.0%	82.7%	78.5%	78.5%	78.5%	109.9%	101.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			124.5%	72.2%	85.0%	82.7%	78.5%	78.5%	78.5%	109.9%	101.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18.4%	12.8%	12.1%	6.9%	9.0%	9.0%	9.0%	13.4%	19.6%	25.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Creditors to Cash and Investments		66.3%	111.3%	73.1%	133.0%	183.6%	183.6%	183.6%	48.1%	54.1%	60.2%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	Total Volume Losses (kℓ)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.7%	20.3%	25.0%	25.4%	26.8%	26.8%	26.8%	40.0%	40.7%	40.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	39.3%	31.2%	0.0%	28.3%	27.6%	27.6%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.0%	2.4%	3.1%	3.5%	3.4%	3.4%		4.6%	4.6%	4.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.6%	8.7%	8.1%	5.5%	5.7%	5.7%	5.7%	6.4%	6.4%	6.3%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	5.3	6.1	14.6	18.1	18.1	18.1	177.5	189.8	187.2	197.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	50.3%	51.6%	36.2%	22.0%	27.7%	27.7%	27.7%	27.7%	40.2%	52.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.8	3.3	4.2	1.9	1.3	1.3	1.3	6.3	5.8	5.4

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, borrowing strategy is primarily informed by the affordability of debt repayments.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1.
- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 120 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.3 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.
- The electricity distribution losses have been managed downwards from 13 per cent in the 2012/13 financial year to 10 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been increase from 15 per cent in 2011/12 to 18 per cent in 2012/13.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2013/14 financial year 1700 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, one free drain pumping and free waste removal equivalent to 85% once a week, as well as a discount on their property rates.

2.3.3 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the municipalities bulk water needs are provided directly by Pella Water Board in the form of purified water. The remaining 29 per cent is generated from the Orange river.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;

2.4 Overview of budget related-policies

The municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in 2001 and must be reviewed. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed. The 2013/14 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipalities cash levels.

2.4.2 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.

2.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.4 Budget Policies

The Budget Policies aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipalities system of delegations.

2.4.5 Cash Management and Investment Policy

The aim of the policy is to ensure that the municipality surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.6 Tariff Policies

The municipalities tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.4.7 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available at the municipality, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;

- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipalities finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

2.5.3 Credit rating outlook

Table 17 Credit rating outlook

Security class	Currency	Rating	Annual rating 2012/13	Previous Rating
Short term	Rand	Prime -1		Prime -1
Long-term	Rand	Aa3		Aa3
Outlook	Rand	Negative		Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

2.5.5 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2013. Year three is an across the board increase of 6.85 and 7 per cent.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2013/14 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 35 Breakdown of the operating revenue over the medium-term

NC067 Khai-Ma - Table A1 Budget Summary										
Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Financial Performance										
Property rates	1 602	1 790	2 044	2 698	2 443	2 443	2 443	2 996	3 175	3 366
Service charges	4 976	5 724	9 189	11 469	12 552	12 552	12 552	14 360	19 691	20 872
Investment revenue	244	424	351	200	200	200	200	200	212	225
Transfers recognised - operational	10 221	20 871	20 651	28 984	28 995	28 995	28 995	29 502	17 680	18 939
Other own revenue	1 247	2 007	1 738	2 145	2 554	2 554	2 554	2 622	2 495	2 518
Total Revenue (excluding capital transfers and contributions)	18 290	30 816	33 974	45 496	46 743	46 743	46 743	49 680	43 254	45 921

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.

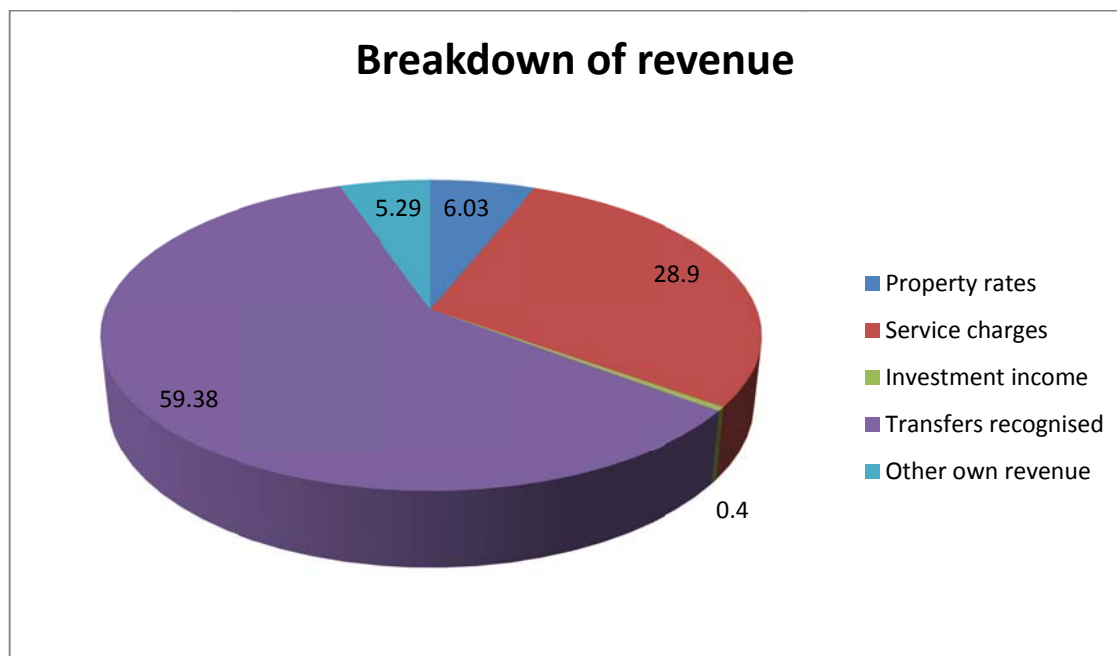


Figure 5 Breakdown of operating revenue over the 2013/14 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 80 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;

- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Table 36 Proposed tariff increases over the medium-term

NC057 Khai-Ma - Supporting Table SA14 Household bills											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % in cr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cert											
<u>Monthly Account for Household - Middle Income Range</u>	1										
Rates and services charges:											
Property rates		177.10	192.20	217.35	234.43	234.43	234.43		700.00	749.00	801.43
Electricity : Basic levy		-	-	-	-	-	-		-	-	-
Electricity : Consumption		820.00	970.00	1 160.00	1 230.00	1 230.00	1 230.00		1 330.00	1 423.10	1 522.72
Water: Basic levy		51.00	55.00	60.50	65.00	65.00	65.00		90.00	95.30	103.04
Water: Consumption		120.00	155.00	204.00	265.50	265.50	265.50		285.00	307.80	329.35
Sanitation		55.00	59.40	65.30	70.00	70.00	70.00		85.00	90.95	97.32
Refuse removal		52.80	57.00	62.70	67.00	67.00	67.00		80.00	85.60	91.59
Other		-	-	-	-	-	-		-	-	-
sub-total		1 275.90	1 489.60	1 769.55	1 931.93	1 931.93	1 931.93	33.0%	2 570.00	2 732.75	2 945.45
VAT on Services		-	-	-	-	-	-		-	-	-
Total large household bill:		1 275.90	1 489.60	1 769.55	1 931.93	1 931.93	1 931.93	33.0%	2 570.00	2 732.75	2 945.45
% in crease/decrease			16.7%	18.8%	9.2%	-	-		33.0%	7.1%	7.0%
<u>Monthly Account for Household - Affordable Range</u>	2										
Rates and services charges:											
Property rates		-	-	-	-	-	-		-	-	-
Electricity : Basic levy		-	-	-	-	-	-		-	-	-
Electricity : Consumption		408.36	408.36	577.68	812.00	812.00	812.00		500.00	535.00	572.45
Water: Basic levy		51.00	52.00	60.50	65.00	65.00	65.00		90.00	95.30	103.04
Water: Consumption		100.00	130.00	170.00	221.25	221.25	221.25		237.50	254.12	266.83
Sanitation		55.00	59.40	65.30	70.00	70.00	70.00		85.00	90.95	97.32
Refuse removal		52.80	57.00	62.70	67.00	67.00	67.00		80.00	85.60	91.59
Other		-	-	-	-	-	-		-	-	-
sub-total		667.16	716.76	936.18	1 236.25	1 236.25	1 242.42	(19.7%)	992.50	1 061.97	1 131.23
VAT on Services		-	-	-	-	-	-		-	-	-
Total small household bill:		667.16	716.76	936.18	1 236.25	1 236.25	1 242.42	(19.7%)	992.50	1 061.97	1 131.23
% in crease/decrease			7.4%	30.6%	31.9%	-	0.6%		(19.4%)	7.0%	6.6%
<u>Monthly Account for Household - Indigent Household requiring free basic services</u>	3										
Rates and services charges:											
Property rates		-	-	-	-	-	-		300.00	324.00	346.68
Electricity : Basic levy		-	-	-	-	-	-		-	-	-
Electricity : Consumption		287.00	332.50	406.00	430.50	430.50	430.50		339.00	362.73	385.12
Water: Basic levy		51.00	55.00	60.50	65.00	65.00	65.00		90.00	95.30	103.04
Water: Consumption		24.00	31.20	40.80	123.90	123.90	123.90		133.00	142.31	152.27
Sanitation		55.00	59.40	65.30	70.00	70.00	70.00		85.00	90.95	97.32
Refuse removal		52.80	55.00	62.70	67.00	67.00	67.00		80.00	85.60	91.59
Other		-	-	-	-	-	-		-	-	-
sub-total		479.80	533.10	636.30	756.40	756.40	756.40	35.5%	1 027.00	1 101.59	1 179.02
VAT on Services		-	-	-	-	-	-		-	-	-
Total small household bill:		479.80	533.10	636.30	756.40	756.40	756.40	35.5%	1 027.00	1 101.59	1 179.02
% in crease/decrease			11.1%	19.2%	19.1%	-	-		35.5%	7.3%	7.0%
<u>References:</u>											
1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water											
2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water											
3. Use as basis property value of R 300 000, 350 kWh electricity and 20kl water / 50 kWh electricity and 5 kl water free											

The tables below provide detail investment information and investment particulars by maturity.

Table 37 MBRR SA15 – Detail Investment Information

NC067 Khai-Ma - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	5 021	9 296	200	200	200	3 000	3 150	3 200
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	5 021	9 296	200	200	200	3 000	3 150	3 200
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	5 021	9 296	200	200	200	3 000	3 150	3 200
References										
1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)										

Table 38 MBRR SA16 – Investment particulars by maturity

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2013/14 medium-term capital programme:

Table 39 Sources of capital revenue over the MTREF

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	1 409	9 051	3 339	10 133	11 913	9 064	15 803	6 866	6 373
Infrastructure - Road transport		478	656	431	3 450	3 450	3 450	9 367	6 866	6 373
Infrastructure - Electricity		1	40	41	1 000	1 000	1 000	2 053	-	-
Infrastructure - Water		323	7 256	1 552	-	-	-	-	-	-
Infrastructure - Sanitation		95	40	70	2 731	1 600	1 600	-	-	-
Infrastructure - Other		-	-	176	-	-	-	-	-	-
Infrastructure		897	7 993	2 270	7 181	6 050	6 050	11 420	6 866	6 373
Community		195	295	502	2 912	4 303	1 455	2 849	-	-
Heritage assets		-	-	2	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	317	764	566	40	1 560	1 560	1 535	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		478	656	431	3 450	3 450	3 450	9 367	6 866	6 373
Infrastructure - Electricity		1	40	41	1 000	1 000	1 000	2 053	-	-
Infrastructure - Water		323	7 256	1 552	-	-	-	-	-	-
Infrastructure - Sanitation		95	40	70	2 731	1 600	1 600	-	-	-
Infrastructure - Other		-	-	176	-	-	-	-	-	-
Infrastructure		897	7 993	2 270	7 181	6 050	6 050	11 420	6 866	6 373
Community		195	295	502	2 912	4 303	1 455	2 849	-	-
Heritage assets		-	-	2	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	317	764	566	40	1 560	1 560	1 535	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	1 409	9 051	3 339	10 133	11 913	9 064	15 803	6 866	6 373
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		-	2 099	2 368	5 813	5 813	5 813	12 590	19 318	25 545
Infrastructure - Electricity		-	2 750	2 664	3 570	3 570	3 570	5 556	5 472	5 383
Infrastructure - Water		-	14 114	15 205	19 069	19 069	19 069	13 778	13 052	12 306
Infrastructure - Sanitation		-	2 823	2 777	5 435	4 157	4 157	4 227	4 151	4 070
Infrastructure - Other		17 956	1 752	1 742	1 070	1 070	1 070	1 142	1 016	865
Infrastructure		17 956	23 538	24 755	34 957	33 679	33 679	37 293	43 008	48 169
Community		8 646	8 596	8 913	14 099	15 490	12 641	12 903	12 738	12 566
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	75	-	-	-	75	75	75
Other assets		28 329	30 811	30 405	30 200	31 720	31 720	31 569	30 371	29 118
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		428	387	342	387	387	387	342	342	342
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	55 360	63 332	64 490	79 643	81 276	78 427	82 182	86 534	90 270
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	1 440	1 769	2 094	2 300	2 447	2 447	2 392	2 514	2 637
Repairs and Maintenance by Asset Class		725	740	1 063	1 570	1 601	1 601	1 707	1 794	1 881
Infrastructure - Road transport		-	-	9	173	126	126	15	16	17
Infrastructure - Electricity		527	509	99	150	200	200	150	158	165
Infrastructure - Water		90	103	374	400	400	400	300	315	331
Infrastructure - Sanitation		-	-	16	16	8	8	20	21	22
Infrastructure - Other		29	32	54	15	15	15	130	137	143
Infrastructure		645	644	552	754	749	749	615	646	678
Community		4	30	9	46	56	56	16	16	17
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	76	66	502	770	797	797	1 076	1 131	1 186
TOTAL EXPENDITURE OTHER ITEMS		2 165	2 508	3 157	3 870	4 048	4 048	4 098	4 307	4 518
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		1.3%	1.2%	1.7%	2.0%	2.0%	2.1%	2.1%	2.1%	2.1%
Renewal and R&M as a % of PPE		1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

The above table is graphically represented as follows for the 2013/14 financial year.

Figure 6 Sources of capital revenue for the 2013/14 financial year

Borrowing still remains a significant funding source for the capital programme over the medium-term.

All longterm will be redeemed at the end of June 2012.

Table 41 MBRR Table SA 18 - Capital transfers and grant receipts

NC067 Khai-Ma - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		11 283	13 096	12 961	16 419	16 279	16 279	16 188	17 093	18 302
Local Government Equitable Share		7 683	9 566	10 921	12 489	12 489	12 489	13 134	13 810	14 833
Finance Management		2 750	2 850	1 250	1 500	1 400	1 400	1 650	1 800	1 950
Municipal Systems Improvement		850	680	790	800	760	760	765	934	1 000
Municipal Infrastructure		-	-		1 630	1 630	1 630	639	549	519
Other transfers/grants [insert description]										
Provincial Government:		428	14 472	7 716	11 745	11 771	11 771	13 314	587	637
Housing		123	13 986	7 300	11 250	11 350	11 350	12 780	-	-
Library		305	195	416	495	415	415	484	587	637
Tourism		-	14		-	-	-	-	-	-
EPWP		-	278		-	-	-	-	-	-
Sport and Recreation		-	-		-	-	-	50	-	-
Prov . Communication		-	-		-	6	6	-	-	-
District Municipality:		495	103	39	800	895	895	-	-	-
Namakwa DM		495	103		800	858	858	-	-	-
NDM -LG SETA		-	-	39	-	37	37	-	-	-
Other grant providers:		4	-	-	20	50	50	-	-	-
Other		4	-		20	50	50	-	-	-
Total Operating Transfers and Grants	5	12 210	27 671	20 715	28 984	28 995	28 995	29 502	17 680	18 939
Capital Transfers and Grants										
National Government:		6 849	15 823	8 840	10 093	11 613	11 613	10 545	6 866	6 373
Municipal Infrastructure		6 849	13 150	8 840	9 093	10 473	10 473	8 367	6 866	6 373
Financial Management		-	150		-	100	100	-	-	-
Municipal Systems Improvement		-	70		-	40	40	125	-	-
Land Affairs		-	2 453		-	-	-	-	-	-
Integrated National Electrification Programme		-	-		1 000	1 000	1 000	2 053	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	168	-	-	80	80	1 070	-	-
Housing		-	168		-	-	-	-	-	-
EPWP		-	-		-	-	-	1 000	-	-
Library		-	89		-	80	80	70	-	-
District Municipality:		1 160	2 745	599	-	180	180	-	-	-
Namakwa DM		1 160	2 745	599	-	180	180	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Vedanta - Black Mountain		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	8 009	18 736	9 439	10 093	11 873	11 873	11 615	6 866	6 373
TOTAL RECEIPTS OF TRANSFERS & GRANTS		20 219	46 407	30 154	39 077	40 868	40 868	41 116	24 546	25 312

2.6.3 Cash Flow Management

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue By Source																
Property rates		250	250	250	250	250	250	250	250	250	250	250	250	2 996	3 175	3 366
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		507	507	507	507	507	507	507	507	507	507	507	507	6 084	6 449	6 836
Service charges - water revenue		532	532	532	532	532	532	532	532	532	532	532	532	6 386	10 217	10 831
Service charges - sanitation revenue		94	94	94	94	94	94	94	94	94	94	94	94	1 132	1 811	1 919
Service charges - refuse revenue		62	62	62	62	62	62	62	62	62	62	62	62	739	1 182	1 253
Service charges - other		2	2	2	2	2	2	2	2	2	2	2	2	20	31	33
Rental of facilities and equipment		36	36	36	36	36	36	36	36	36	36	36	36	433	459	487
Interest earned - external investments		17	17	17	17	17	17	17	17	17	17	17	17	200	212	225
Interest earned - outstanding debtors		67	67	67	67	67	67	67	67	67	67	67	67	803	851	902
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Licences and permits		3	3	3	3	3	3	3	3	3	3	3	3	36	38	40
Agency services		11	11	11	11	11	11	11	11	11	11	11	11	135	143	152
Transfers recognised - operational		2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 746	29 502	17 680	18 939
Other revenue		99	99	99	99	99	99	99	99	99	99	99	99	1 185	972	904
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 428	49 680	43 254	45 921
Expenditure By Type																
Employee related costs		1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	14 907	15 876	16 908
Remuneration of councillors		166	166	166	166	166	166	166	166	166	166	166	166	1 991	2 121	2 258
Debt impairment		161	161	161	161	161	161	161	161	161	161	161	161	1 936	2 034	2 134
Depreciation & asset impairment		199	199	199	199	199	199	199	199	199	199	199	199	2 392	2 514	2 637
Finance charges		29	29	29	29	29	29	29	29	29	29	29	29	347	364	382
Bulk purchases		542	542	542	542	542	542	542	542	542	542	542	542	6 504	6 835	7 170
Other materials		116	116	116	116	116	116	116	116	116	116	116	116	1 393	1 464	1 535
Contracted services		0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	20 796	8 483	8 953
Loss on disposal of PPE		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Total Expenditure		4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	50 289	39 718	42 006
Surplus/(Deficit)																
Transfers recognised - capital		1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 320	14 463	6 866	6 373
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 557	13 854	10 402	10 287
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 557	13 854	10 402	10 287

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 18 MBRR Table A7 - Budget cash flow statement

NC067 Khai-Ma - Table A7 Consolidated Budgeted Cash Flows											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		9 745	6 875	11 020	13 498	13 780	13 780	13 780	20 374	22 571	23 753
Government - operating	1	10 252	22 911	21 314	28 984	30 775	30 775	30 775	29 502	17 680	18 939
Government - capital	1	1 804	6 301	8 840	10 093	10 093	10 093	10 093	11 615	6 866	6 373
Interest		998	1 041	1 206	912	912	912	912	200	212	225
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(15 798)	(27 602)	(34 566)	(39 941)	(41 543)	(41 543)	(41 543)	(38 019)	(37 634)	(39 987)
Finance charges		(531)	(448)	(501)	(221)	(221)	(221)	(221)	(347)	(364)	(382)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		6 470	9 078	7 313	13 325	13 796	13 796	13 796	23 325	9 330	8 921
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(1 946)	(9 778)	(2 866)	(10 133)	(11 913)	(9 064)	(9 064)	(15 803)	(6 866)	(6 373)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(1 946)	(9 778)	(2 866)	(10 133)	(11 913)	(9 064)	(9 064)	(15 803)	(6 866)	(6 373)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	1 300	-	-
Increase (decrease) in consumer deposits	7	(3)	15	6	6	6	6	6	6	6	8
Payments											
Repayment of borrowing		(560)	(481)	(417)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(553)	(485)	(402)	6	6	6	6	1 306	6	8
NET INCREASE/ (DECREASE) IN CASH HELD		3 970	(1 184)	4 045	3 198	1 889	4 738	4 738	8 828	2 470	2 556
Cash/cash equivalents at the year begin:	2	2 522	6 493	5 309	1 555	1 555	1 555	1 555	6 293	15 121	17 591
Cash/cash equivalents at the year end:	2	6 493	5 309	9 353	4 753	3 445	6 293	6 293	15 121	17 591	20 147

The above table shows that cash and cash equivalents of the municipality were largely depleted between the 2009/10 and 2015/16.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A deficit would indicate the cash-backed accumulated surplus that was/is available.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC067 Khai-Ma - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	6 493	5 309	9 353	4 753	3 445	6 293	6 293	15 121	17 591	20 147
Other current investments > 90 days		0	0	0	(0)	(0)	(0)	(0)	(0)	(210)	(234)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		6 493	5 309	9 353	4 753	3 444	6 293	6 293	15 121	17 381	19 913
Application of cash and investments											
Unspent conditional transfers		8 894	6 118	10 527	-	-	2 849	2 849	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	108	3 063	3 339	3 726	3 031	3 031	3 031	1 676	(1 122)	(4 833)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	13	14	15	14	14	14	14	14	14	14
Total Application of cash and investments:		9 015	9 195	13 881	3 740	3 045	5 894	5 894	1 690	(1 108)	(4 819)
Surplus(shortfall)		(2 522)	(3 886)	(4 528)	1 013	399	399	399	13 431	18 489	24 731

From the above table it can be seen that the cash and investments available total R13 million in the 2013/14 financial year and progressively increase to R14 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44 MBRR SA10 – Funding compliance measurement

NC067 Khai-Ma Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	6 493	5 309	9 353	4 753	3 445	6 293	6 293	15 121	17 591	20 147
Cash + investments at the yr end less applications - R'000	18(1)b	2	(2 522)	(3 886)	(4 528)	1 013	399	399	399	13 431	18 489	24 731
Cash year end/monthly employee/supplier payments	18(1)b	3	4.8	3.3	4.2	1.9	1.3	2.4	2.4	5.2	6.8	7.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(1 786)	9 888	(2 080)	9 980	11 358	8 510	8 510	13 989	10 537	10 423
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	8.2%	43.5%	20.1%	(0.2%)	(6.0%)	(6.0%)	9.7%	25.8%	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	124.5%	72.2%	85.0%	82.7%	78.5%	78.5%	78.5%	102.0%	89.0%	88.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	40.3%	20.6%	37.4%	13.4%	12.0%	12.0%	12.0%	10.9%	8.7%	8.6%
Capital payments % of capital expenditure	18(1)c,19	8	138.1%	108.0%	85.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	97.0%	0.0%	0.0%
Grants % of Gov't. legislated/gazetted allocations	18(1)a	10								106.9%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	16.9%	4.6%	(23.8%)	33.6%	0.0%	0.0%	36.7%	84.2%	48.7%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.3%	1.2%	1.7%	2.0%	2.0%	2.1%	2.2%	2.1%	2.1%	2.1%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.4 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.5.5 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

2.6.5.6 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.5.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

All longterm laons will be redeemed at the end of 30 June 2012.

2.6.5.8 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

2.6.5.9 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables.

2.6.5.10 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.11 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

NC067 Khai-Ma - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		11 283	13 096	-	16 419	16 279	16 279	16 188	17 093	18 302
Local Government Equitable Share		7 683	9 566		12 489	12 489	12 489	13 134	13 810	14 833
Finance Management		2 750	2 850		1 500	1 400	1 400	1 650	1 800	1 950
Municipal Systems Improvement		850	680		800	760	760	765	934	1 000
Municipal Infrastructure		-	-		1 630	1 630	1 630	639	549	519
		-	-		-	-	-	-	-	-
Other transfers/grants [insert description]										
Provincial Government:		428	14 472	-	11 745	11 771	11 771	13 314	587	637
Housing		123	13 986		11 250	11 350	11 350	12 780	-	-
Library		305	195		495	415	415	484	587	637
Tourism		-	14		-	-	-	-	-	-
EPWP		-	278		-	-	-	-	-	-
Sport and Recreation		-	-		-	-	-	50	-	-
Prov. Communication		-	-		-	6	6	-	-	-
District Municipality:		495	103	-	800	895	895	-	-	-
Namakwa DM		495	103		800	858	858	-	-	-
NDM -LG SETA		-	-		-	37	37	-	-	-
Other grant providers:		4	-	-	20	50	50	-	-	-
Other		4	-		20	50	50	-	-	-
		-	-		-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		12 210	27 671	-	28 984	28 995	28 995	29 502	17 680	18 939
Capital expenditure of Transfers and Grants										
National Government:		6 849	15 823	-	10 093	11 613	11 613	10 545	6 866	6 373
Municipal Infrastructure		6 849	13 150		9 093	10 473	10 473	8 367	6 866	6 373
Financial Management		-	150		-	100	100	-	-	-
Municipal Systems Improvement		-	70		-	40	40	125	-	-
Land Affairs		-	2 453		-	-	-	-	-	-
Integrated National Electrification Programme		-	-		1 000	1 000	1 000	2 053	-	-
Other capital transfers/grants [insert desc]								-	-	-
Provincial Government:		-	168	-	-	80	80	1 070	-	-
Housing		-	168		-	-	-	-	-	-
EPWP		-	-		-	80	80	1 000	-	-
Library		-	89		-	-	-	70	-	-
District Municipality:		1 160	2 745	-	-	180	180	-	-	-
Namakwa DM		1 160	2 745		-	180	180	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Vedanta - Black Mountain								-	-	-
		-	-		-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		8 009	18 736	-	10 093	11 873	11 873	11 615	6 866	6 373
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		20 219	46 407	-	39 077	40 868	40 868	41 116	24 546	25 312

Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC067 Khai-Ma - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		9 294	6 296	12 897	16 419	16 279	16 279	16 188	17 093	18 302
Conditions met - transferred to revenue		9 294	6 296	12 897	16 419	16 279	16 279	16 188	17 093	18 302
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		428	14 472	7 716	11 745	11 771	11 771	13 314	587	637
Conditions met - transferred to revenue		428	14 472	7 716	11 745	11 771	11 771	13 314	587	637
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		495	103	39	800	895	895	-	-	-
Conditions met - transferred to revenue		495	103	39	800	895	895	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		4	-	-	20	50	50	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		4	-	-	20	50	50	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		10 221	20 871	20 651	28 984	28 995	28 995	29 502	17 680	18 939
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	2 778	-	-
Current year receipts		249	5 688	2 548	10 093	11 613	11 613	10 545	6 866	6 373
Conditions met - transferred to revenue		249	5 688	2 548	10 093	11 613	8 835	13 322	6 866	6 373
Conditions still to be met - transferred to liabilities		-	-	-	-	-	2 778	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	71	-	-
Current year receipts		-	168	-	-	80	80	1 070	-	-
Conditions met - transferred to revenue		-	168	-	-	80	9	1 141	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	71	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		1 160	2 745	599	-	180	180	-	-	-
Conditions met - transferred to revenue		1 160	2 745	599	-	180	180	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		1 409	8 601	3 147	10 093	11 873	9 024	14 463	6 866	6 373
Total capital transfers and grants - CTBM	2	-	-	-	-	-	2 849	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		11 630	29 472	23 798	39 077	40 868	38 019	43 965	24 546	25 312
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	2 849	-	-	-

2.8 Councillor and employee benefits

Table 47 MBRR SA22 - Summary of councillor and staff benefits

NC067 Khai-Ma - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		896	1 089		1 256	1 256	1 256	1 451	1 545	1 646
Pension and UIF Contributions		-	-		-	-	-			
Medical Aid Contributions		-	-		-	-	-			
Motor Vehicle Allowance		311	363		419	419	419	439	468	498
Cellphone Allowance		72	86		99	99	99	101	107	114
Housing Allowances		-	-		-	-	-			
Other benefits and allowances		142	-		-	-	-			
Sub Total - Councillors		1 421	1 538	-	1 774	1 774	1 774	1 991	2 121	2 258
% increase	4		8.2%	(100.0%)	-	-	-	12.2%	6.5%	6.5%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		791	927		1 190	1 190	1 190	1 155	1 224	1 298
Pension and UIF Contributions		36	165		63	63	63	191	204	217
Medical Aid Contributions		28	141		46	46	46	129	137	146
Overtime		-	-		-	-	-			
Performance Bonus		-	93		106	106	106	81	86	92
Motor Vehicle Allowance	3	251	372		397	397	397	398	339	361
Cellphone Allowance	3	16	42		33	33	33	14	15	16
Housing Allowances	3	15	41		11	11	11	-	-	-
Other benefits and allowances	3	-	-		-	-	-			
Payments in lieu of leave		-	-		-	-	-			
Long service awards		-	-		-	-	-			
Post-retirement benefit obligations	6	-	-		-	-	-			
Sub Total - Senior Managers of Municipality		1 137	1 781	-	1 846	1 846	1 846	1 968	2 004	2 129
% increase	4		56.6%	(100.0%)	-	-	-	6.6%	1.9%	6.2%
Other Municipal Staff										
Basic Salaries and Wages		3 272	3 780		5 418	5 418	5 418	8 073	8 603	9 169
Pension and UIF Contributions		335	573		992	992	992	1 231	1 311	1 397
Medical Aid Contributions		177	583		695	695	695	866	922	982
Overtime		14	242		324	324	324	648	690	735
Performance Bonus		-	-		417	417	417	586	624	664
Motor Vehicle Allowance	3	83	80		90	90	90	977	1 126	1 199
Cellphone Allowance	3	-	-		26	26	26	-		
Housing Allowances	3	1	12		14	14	14	4	8	12
Other benefits and allowances	3	748	1 030		1 122	1 122	1 122	33	36	38
Payments in lieu of leave		-	-		170	170	170	204	217	227
Long service awards		-	-		-	-	-			
Post-retirement benefit obligations	6	-	-		-	-	-	315	335	357
Sub Total - Other Municipal Staff		4 630	6 300	-	9 268	9 268	9 268	12 936	13 872	14 778
% increase	4		36.1%	(100.0%)	-	-	-	39.6%	7.2%	6.5%
Total Parent Municipality		7 188	9 619	-	12 888	12 888	12 888	16 895	17 997	19 166
			33.8%	(100.0%)	-	-	-	31.1%	6.5%	6.5%

NC067 Khai-Ma - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4							-
Chief Whip								-
Executive Mayor								-
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors			1 451 140	-	540 070			1 991 210
Total Councillors	8	-	1 451 140	-	540 070			1 991 210
Senior Managers of the Municipality	5							
Municipal Manager (MM)			434 000	170 860	102 000	40 000		746 860
Chief Financial Officer			273 450	102 076	122 120	22 789		520 435
Infrastructure/Tech Manager			214 750	25 853	122 120	17 896		380 619
Corporate & Human Resources Manager			214 750		87 040	17 896		319 686
								-
List of each official with packages >= senior manager								-
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Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

NC067 Khai-Ma - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum								
Councillors	3							
Speaker	4							-
Chief Whip								-
Executive Mayor								-
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors			1 451 140	-	540 070			1 991 210
Total Councillors	8	-	1 451 140	-	540 070			1 991 210
Senior Managers of the Municipality	5							
Municipal Manager (MM)			434 000	170 860	102 000	40 000		746 860
Chief Financial Officer			273 450	102 076	122 120	22 789		520 435
Infrastructure/Tech Manager			214 750	25 853	122 120	17 896		380 619
Corporate & Human Resources Manager			214 750		87 040	17 896		319 686
Total Senior Managers of the Municipality	8,10	-	1 136 950	298 789	433 280	98 581		1 967 600
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	2 588 090	298 789	973 350	98 581		3 958 810

Table 49 MBRR SA24 – Summary of personnel numbers

NC067 Khai-Ma - Supporting Table SA24 Summary of personnel numbers											
Summary of Personnel Numbers		Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			7	—	7	7	—	7	7	7	7
Board Members of municipal entities	4		—	—	—	—	—	—	—	—	—
Municipal employees											
Municipal Manager and Senior Managers	5		—	—	—	—	—	—	—	—	—
Other Managers	3	5	2	3	5	2	3	4	4	4	4
Professionals	7		—	—	—	—	—	—	—	—	—
Finance			—	—	—	—	—	—	—	—	—
Spatial/town planning			—	—	—	—	—	—	—	—	—
Information Technology			—	—	—	—	—	—	—	—	—
Roads			—	—	—	—	—	—	—	—	—
Electricity			—	—	—	—	—	—	—	—	—
Water			—	—	—	—	—	—	—	—	—
Sanitation			—	—	—	—	—	—	—	—	—
Refuse			—	—	—	—	—	—	—	—	—
Other			—	—	—	—	—	—	—	—	—
Technicians		18	18	—	18	18	—	31	31	31	31
Finance			—	—	—	—	—	—	—	—	—
Spatial/town planning			—	—	—	—	—	—	—	—	—
Information Technology			—	—	—	—	—	—	—	—	—
Roads		2	2	—	2	2	—	2	2	2	2
Electricity		1	1	—	1	1	—	1	1	1	1
Water		7	7	—	7	7	—	9	9	9	9
Sanitation		5	5	—	5	5	—	9	9	9	9
Refuse		3	3	—	3	3	—	9	9	9	9
Other		—	—	—	—	—	—	1	1	1	1
Clerks (Clerical and administrative)		27	23	4	27	23	4	29	29	29	29
Service and sales workers		—	—	—	—	—	—	—	—	—	—
Skilled agricultural and fishery workers		—	—	—	—	—	—	—	—	—	—
Craft and related trades		—	—	—	—	—	—	—	—	—	—
Plant and Machine Operators		3	3	—	3	3	—	3	3	3	3
Elementary Occupations		—	—	—	—	—	—	—	—	—	—
TOTAL PERSONNEL NUMBERS			60	46	14	60	46	14	74	74	74
% Increase						—	—	—	23.3%	60.9%	428.6%
Total municipal employees headcount			6	—	—	—	—	—	—	—	—
Finance personnel headcount			8	—	—	—	—	—	—	—	—
Human Resources personnel headcount			8	—	—	—	—	—	—	—	—

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue By Source																
Property rates		250	250	250	250	250	250	250	250	250	250	250	250	2 996	3 175	3 366
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		507	507	507	507	507	507	507	507	507	507	507	507	6 084	6 449	6 836
Service charges - water revenue		532	532	532	532	532	532	532	532	532	532	532	532	6 386	10 217	10 831
Service charges - sanitation revenue		94	94	94	94	94	94	94	94	94	94	94	94	1 132	1 811	1 919
Service charges - refuse revenue		62	62	62	62	62	62	62	62	62	62	62	62	739	1 182	1 253
Service charges - other		2	2	2	2	2	2	2	2	2	2	2	2	20	31	33
Rental of facilities and equipment		36	36	36	36	36	36	36	36	36	36	36	36	433	459	487
Interest earned - external investments		17	17	17	17	17	17	17	17	17	17	17	17	200	212	225
Interest earned - outstanding debtors		67	67	67	67	67	67	67	67	67	67	67	67	803	851	902
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Licences and permits		3	3	3	3	3	3	3	3	3	3	3	3	36	38	40
Agency services		11	11	11	11	11	11	11	11	11	11	11	11	135	143	152
Transfers recognised - operational		2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 432	2 746	29 502	17 680	18 939
Other revenue		99	99	99	99	99	99	99	99	99	99	99	99	1 185	972	904
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 114	4 428	49 680	43 254	45 921
Expenditure By Type																
Employee related costs		1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	1 242	14 907	15 876	16 908
Remuneration of councillors		166	166	166	166	166	166	166	166	166	166	166	166	1 991	2 121	2 258
Debt impairment		161	161	161	161	161	161	161	161	161	161	161	161	1 936	2 034	2 134
Depreciation & asset impairment		199	199	199	199	199	199	199	199	199	199	199	199	2 392	2 514	2 637
Finance charges		29	29	29	29	29	29	29	29	29	29	29	29	347	364	382
Bulk purchases		542	542	542	542	542	542	542	542	542	542	542	542	6 504	6 835	7 170
Other materials		116	116	116	116	116	116	116	116	116	116	116	116	1 393	1 464	1 535
Contracted services		0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Transfers and grants		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure		1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	1 733	20 796	8 483	8 953
Loss on disposal of PPE		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Total Expenditure		4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	50 289	39 718	42 006
Surplus/(Deficit)																
Transfers recognised - capital		1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 320	14 463	6 866	6 373
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions																
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 557	13 854	10 402	10 287
References																
1. Surplus (Deficit) must reconcile with Budgeted Financial Performance																

Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC067 Khai-Ma - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue by Vote																
Vote 1 - Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	314	314	331	348
Vote 2 - Finance		1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	1 673	20 081	21 217	22 738
Vote 3 - Corporate Services		167	167	167	167	167	167	167	167	167	167	167	167	2 005	708	765
Vote 4 - Infrastructure Development		1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	23 803	22 910	23 244
Vote 5 - Economic Development		45	45	45	45	45	45	45	45	45	45	45	45	534	419	389
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	4 182	46 737	45 584	47 486
Expenditure by Vote to be appropriated																
Vote 1 - Municipal Manager		396	396	396	396	396	396	396	396	396	396	396	396	4 754	5 054	5 371
Vote 2 - Finance		462	462	462	462	462	462	462	462	462	462	462	462	5 544	5 917	6 298
Vote 3 - Corporate Services		480	480	480	480	480	480	480	480	480	480	480	480	5 765	6 117	6 487
Vote 4 - Infrastructure Development		1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	20 528	21 650	22 804
Vote 5 - Economic Development		89	89	89	89	89	89	89	89	89	89	89	89	1 070	1 138	1 209
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	3 138	37 661	39 875	42 169
Surplus/(Deficit) before assoc.		730	730	730	730	730	730	730	730	730	730	730	1 044	9 076	5 709	5 316
Tax ation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	730	730	730	730	730	730	730	730	730	730	730	1 044	9 076	5 709	5 316

Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC067 Khai-Ma - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)																
Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue - Standard																
Governance and administration		1 585	1 585	1 585	1 585	1 585	1 585	1 585	1 585	1 585	1 585	1 585	2 024	19 459	20 557	22 036
Executive and council		—	—	—	—	—	—	—	—	—	—	—	439	439	331	348
Budget and treasury office		1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	1 532	18 382	19 549	20 970
Corporate services		53	53	53	53	53	53	53	53	53	53	53	53	638	677	718
Community and public safety		1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	1 349	16 194	603	654
Community and social services		284	284	284	284	284	284	284	284	284	284	284	284	3 409	598	648
Sport and recreation		0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Public safety		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Housing		1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	12 780	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services		942	942	942	942	942	942	942	942	942	942	942	942	11 302	8 459	7 879
Planning and development		47	47	47	47	47	47	47	47	47	47	47	47	559	419	389
Road transport		895	895	895	895	895	895	895	895	895	895	895	895	10 743	8 040	7 490
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	17 189	20 501	21 723
Electricity		680	680	680	680	680	680	680	680	680	680	680	680	8 166	6 482	6 871
Water		581	581	581	581	581	581	581	581	581	581	581	581	6 971	10 832	11 475
Waste water management		101	101	101	101	101	101	101	101	101	101	101	101	1 212	1 895	2 009
Waste management		70	70	70	70	70	70	70	70	70	70	70	70	841	1 291	1 368
Other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Standard		5 309	5 309	5 309	5 309	5 309	5 309	5 309	5 309	5 309	5 309	5 309	5 747	64 143	50 120	52 293
Expenditure - Standard																
Governance and administration		1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	14 336	15 263	16 232
Executive and council		389	389	389	389	389	389	389	389	389	389	389	389	4 667	4 961	5 272
Budget and treasury office		408	408	408	408	408	408	408	408	408	408	408	408	4 892	5 231	5 578
Corporate services		398	398	398	398	398	398	398	398	398	398	398	398	4 777	5 072	5 382
Community and public safety		1 258	1 258	1 258	1 258	1 258	1 258	1 258	1 258	1 258	1 258	1 258	1 258	15 099	2 450	2 586
Community and social services		145	145	145	145	145	145	145	145	145	145	145	145	1 742	1 841	1 945
Sport and recreation		41	41	41	41	41	41	41	41	41	41	41	41	487	514	541
Public safety		8	8	8	8	8	8	8	8	8	8	8	8	91	95	100
Housing		1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	1 065	12 780	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Economic and environmental services		180	180	180	180	180	180	180	180	180	180	180	180	2 162	2 290	2 424
Planning and development		86	86	86	86	86	86	86	86	86	86	86	86	1 035	1 099	1 165
Road transport		94	94	94	94	94	94	94	94	94	94	94	94	1 127	1 192	1 259
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Trading services		1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	1 535	18 418	19 422	20 455
Electricity		446	446	446	446	446	446	446	446	446	446	446	446	5 353	5 635	5 921
Water		561	561	561	561	561	561	561	561	561	561	561	561	6 730	7 088	7 456
Waste water management		263	263	263	263	263	263	263	263	263	263	263	263	3 151	3 333	3 521
Waste management		265	265	265	265	265	265	265	265	265	265	265	265	3 183	3 366	3 557
Other		23	23	23	23	23	23	23	23	23	23	23	23	275	292	309
Total Expenditure - Standard		4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	4 191	50 289	39 718	42 006
Surplus/(Deficit) before assoc.		1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 557	13 854	10 402	10 287
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	1	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 118	1 557	13 854	10 402	10 287

Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC067 Khai-Ma - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-	-	-	-	-	11 420	11 420	6 866	6 373
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	11 420	11 420	6 866	6 373
Single-year expenditure to be appropriated																
Vote 1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	165	165	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	4 219	4 219	-	-
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	4 384	4 384	-	-
Total Capital Expenditure	2	-	-	-	-	-	-	-	-	-	-	-	15 803	15 803	6 866	6 373

Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC067 Khai-Ma - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																
Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Capital Expenditure - Standard	1															
Governance and administration		-	-	-	-	-	-	-	-	-	-	-	165	165	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	165	165	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-	4 219	4 219	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	4 219	4 219	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-	9 367	9 367	6 866	6 373
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	9 367	9 367	6 866	6 373
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-	2 053	2 053	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	2 053	2 053	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	-	-	-	-	-	-	-	-	-	-	-	15 803	15 803	6 866	6 373

Table 55 MBRR SA30 - Budgeted monthly cash flow

NC067 Khai-Ma - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
Cash Receipts By Source													1		
Property rates	328	328	328	328	328	328	328	328	328	328	328	328	3 938	4 174	4 425
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	490	490	490	490	490	490	490	490	490	490	490	490	5 884	6 237	6 611
Service charges - water revenue	499	499	499	499	499	499	499	499	499	499	499	499	5 986	6 345	6 726
Service charges - sanitation revenue	78	78	78	78	78	78	78	78	78	78	78	78	932	988	1 047
Service charges - refuse revenue	53	53	53	53	53	53	53	53	53	53	53	53	639	677	718
Service charges - other	1	1	1	1	1	1	1	1	1	1	1	1	15	15	16
Rental of facilities and equipment	36	36	36	36	36	36	36	36	36	36	36	36	433	459	487
Interest earned - external investments	8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Interest earned - outstanding debtors	67	67	67	67	67	67	67	67	67	67	67	67	803	851	902
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Licences and permits	3	3	3	3	3	3	3	3	3	3	3	3	36	38	40
Agency services	11	11	11	11	11	11	11	11	11	11	11	11	135	143	152
Transfer receipts - operational	1 380	1 380	1 380	1 380	1 380	1 380	1 380	1 380	1 380	1 380	1 380	3 679	18 864	17 680	18 939
Other revenue	99	99	99	99	99	99	99	99	99	99	99	99	1 185	972	904
Cash Receipts by Source	3 057	3 057	3 057	3 057	3 057	3 057	3 057	3 057	3 057	3 057	3 057	5 355	38 980	38 718	41 113
Other Cash Flows by Source															
Transfer receipts - capital	812	812	812	812	812	812	812	812	812	812	812	812	9 742	6 866	6 373
Contributions recognised - capital & Contributed a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	6	6	6	8
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	6 173	48 728	45 590	47 494
Cash Payments by Type															
Employee related costs	1 234	1 234	1 234	1 234	1 234	1 234	1 234	1 234	1 234	1 234	1 234	1 234	14 803	15 765	16 790
Remuneration of councillors	166	166	166	166	166	166	166	166	166	166	166	166	1 991	2 121	2 258
Finance charges	19	19	19	19	19	19	19	19	19	19	19	19	227	238	250
Bulk purchases - Electricity	375	375	375	375	375	375	375	375	375	375	375	375	4 504	4 733	4 965
Bulk purchases - Water & Sewer	167	167	167	167	167	167	167	167	167	167	167	167	2 000	2 102	2 205
Other materials	0	0	0	0	0	0	0	0	0	0	0	1 388	1 393	1 464	1 535
Contracted services	-	-	-	-	-	-	-	-	-	-	-	5	5	5	6
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	156	156	156	156	156	156	156	156	156	156	156	156	1 875	12 622	13 312
Cash Payments by Type	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	3 510	26 797	39 051	41 322
Other Cash Flows/Payments by Type															
Capital assets	-	-	-	-	-	-	-	-	-	-	-	9 742	9 742	6 866	6 373
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flow s/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	2 117	13 251	36 539	45 917	47 694
NET INCREASE/(DECREASE) IN CASH HELD	1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	1 752	(7 078)	12 189	(327)	(201)
Cash/cash equivalents at the month/year begin:	3 444	5 196	6 948	8 699	10 451	12 202	13 954	15 705	17 457	19 208	20 960	22 712	3 444	15 633	15 307
Cash/cash equivalents at the month/year end:	5 196	6 948	8 699	10 451	12 202	13 954	15 705	17 457	19 208	20 960	22 712	15 633	15 633	15 307	15 100

2.9 Annual budgets and SDBIPs – internal departments

2.9.1 Water Services Department –

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source											
Property rates	2	1 602	1 790	2 044	2 698	2 443	2 443	2 443	2 996	3 175	3 366
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	2 905	3 341	3 940	4 667	5 061	5 061	5 061	6 084	6 449	6 836
Service charges - water revenue	2	1 112	1 354	4 137	5 483	6 064	6 064	6 064	6 386	10 217	10 831
Service charges - sanitation revenue	2	576	607	637	744	793	793	793	1 132	1 811	1 919
Service charges - refuse revenue	2	377	422	474	564	614	614	614	739	1 182	1 253
Service charges - other		6	–	–	11	20	20	20	20	31	33
Rental of facilities and equipment		113	118	129	100	135	135	135	433	459	487
Interest earned - external investments		244	424	351	200	200	200	200	200	212	225
Interest earned - outstanding debtors		756	617	854	712	803	803	803	803	851	902
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		25	21	17	20	20	20	20	30	32	34
Licences and permits		16	24	29	30	30	30	30	36	38	40
Agency services		104	105	110	100	131	131	131	135	143	152
Transfers recognised - operational		10 221	20 871	20 651	28 984	28 995	28 995	28 995	29 502	17 680	18 939
Other revenue	2	233	1 121	598	1 182	1 434	1 434	1 434	1 185	972	904
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		18 290	30 816	33 974	45 496	46 743	46 743	46 743	49 680	43 254	45 921
Expenditure By Type											
Employee related costs	2	5 794	6 245	8 492	11 550	12 528	12 528	12 528	14 907	15 876	16 908
Remuneration of councillors		1 421	1 399	1 587	1 774	1 789	1 789	1 789	1 991	2 121	2 258
Debt impairment	3	2 696	1 575	4 249	1 913	1 813	1 813	1 813	1 936	2 034	2 134
Depreciation & asset impairment	2	1 440	1 769	2 094	2 300	2 447	2 447	2 447	2 392	2 514	2 637
Finance charges		679	899	658	221	221	221	221	347	364	382
Bulk purchases	2	3 385	4 003	4 951	5 687	5 627	5 627	5 627	6 504	6 835	7 170
Other materials	8	725	1 015	–	1 153	1 365	1 365	1 365	1 393	1 464	1 535
Contracted services		156	210	242	10	280	280	280	5	5	6
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	5 756	12 516	16 873	21 134	21 302	21 302	21 302	20 796	8 483	8 953
Loss on disposal of PPE		0	34	189	–	20	20	20	20	21	22
Total Expenditure		22 054	29 665	39 336	45 744	47 393	47 393	47 393	50 289	39 718	42 006
Surplus/(Deficit)		(3 764)	1 151	(5 362)	(248)	(650)	(650)	(650)	(610)	3 536	3 915
Transfers recognised - capital		1 834	8 601	3 147	10 093	11 873	9 024	9 024	14 463	6 866	6 373
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287

Table 19 Water Services Department – Performance objectives and indicators

The Infrastructure Manager is currently not appointed. The reduction of distribution losses is considered a priority and hence the departmental objectives and targets. In relation to this target, past performance has been irregular with a total distribution loss of 15 per cent in 2011/2012,

Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.

2.10 Contracts having future budgetary implications

In terms of the municipalities Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three tables present details of the municipalities capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 20 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

<i>Renewal of Existing Assets as % of total capex</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprectn</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class

NC067 Khai-Ma - Supporting Table SA34a Capital expenditure on new assets by asset class											
Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			897	7 993	2 270	7 181	6 050	6 050	11 420	6 866	6 373
Infrastructure - Road transport			478	656	431	3 450	3 450	3 450	9 367	6 866	6 373
Roads, Pavements & Bridges			478	656	431	3 450	3 450	3 450	9 367	6 866	6 373
Storm water			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			1	40	41	1 000	1 000	1 000	2 053	-	-
Generation			-	-	-	-	-	-	-	-	-
Transmission & Reticulation			1	40	41	1 000	1 000	1 000	2 053	-	-
Street Lighting			-	-	-	-	-	-	-	-	-
Infrastructure - Water			323	7 256	1 552	-	-	-	-	-	-
Dams & Reservoirs			-	-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-	-
Reticulation			323	7 256	1 552	-	-	-	-	-	-
Infrastructure - Sanitation			95	40	70	2 731	1 600	1 600	-	-	-
Reticulation			95	40	70	2 731	1 600	1 600	-	-	-
Sewerage purification			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	176	-	-	-	-	-	-
Waste Management			-	-	176	-	-	-	-	-	-
Transportation		2	-	-	-	-	-	-	-	-	-
Gas			-	-	-	-	-	-	-	-	-
Other		3	-	-	-	-	-	-	-	-	-
Community			195	295	502	2 912	4 303	1 455	2 849	-	-
Parks & gardens			-	-	-	-	-	-	-	-	-
Sportsfields & stadia			-	-	-	-	-	-	-	-	-
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	2 912	4 223	1 446	2 778	-	-
Libraries			-	85	85	-	80	9	71	-	-
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			-	-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-	-
Clinics		7	195	209	416	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing		8	-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	2	-	-	-	-	-	-
Buildings			-	-	2	-	-	-	-	-	-
Other		9	-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Other assets			317	764	566	40	1 560	1 560	1 535	-	-
General vehicles			-	-	136	-	1 200	1 200	1 300	-	-
Specialised vehicles		10	59	-	-	-	-	-	-	-	-
Plant & equipment			13	98	146	-	-	-	70	-	-
Computers - hardware/equipment			201	173	90	-	100	100	125	-	-
Furniture and other office equipment			44	171	195	40	80	80	40	-	-
Abattoirs			-	-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-	-
Civic Land and Buildings			-	-	-	-	-	-	-	-	-
Other Buildings			-	218	-	-	180	180	-	-	-
Other Land			-	103	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming			-	-	-	-	-	-	-	-	-
Other (list sub-class)			-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets		1	1 409	9 051	3 339	10 133	11 913	9 064	15 803	6 866	6 373
Specialised vehicles			59	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Fire			59	-	-	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-	-

Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NC067 Khai-Ma - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC067 Khai-Ma - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		645	644	552	754	749	749	615	646	678
Infrastructure - Road transport		-	-	9	173	126	126	15	16	17
Roads, Pavements & Bridges		-	-	9	173	126	126	15	16	17
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		527	509	99	150	200	200	150	158	165
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		527	509	99	150	200	200	150	158	165
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		90	103	374	400	400	400	300	315	331
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		90	103	374	400	400	400	300	315	331
Infrastructure - Sanitation		-	-	16	16	8	8	20	21	22
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	16	16	8	8	20	21	22
Infrastructure - Other		29	32	54	15	15	15	130	137	143
Waste Management		29	32	54	15	15	15	130	137	143
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		4	30	9	46	56	56	16	16	17
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		4	30	5	37	45	45	10	11	11
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	4	9	11	11	6	6	6
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		76	66	502	770	797	797	1 076	1 131	1 186
General vehicles		-	-	267	410	425	425	460	483	507
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		76	66	44	10	25	25	75	79	83
Computers - hardware/equipment		-	-	55	65	70	70	75	79	83
Furniture and other office equipment		-	-	46	60	45	45	46	48	51
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	90	225	232	232	420	441	463
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	725	740	1 063	1 570	1 601	1 601	1 707	1 794	1 881
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
R&M as a % of PPE		1.3%	1.2%	1.7%	2.0%	2.0%	2.1%	2.1%	2.1%	2.1%
R&M as % Operating Expenditure		3.3%	2.5%	2.7%	3.4%	3.4%	3.4%	3.4%	4.5%	4.5%

NC067 Khai-Ma - Supporting Table SA34d Depreciation by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Depreciation by Asset Class/Sub-class										
Infrastructure		652	869	1 037	1 376	1 504	1 504	1 090	1 151	1 212
Infrastructure - Road transport		87	96	87	112	125	125	132	139	146
Roads, Pavements & Bridges		87	96	87	112	125	125	132	139	146
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		111	80	112	81	81	81	80	84	88
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		111	80	112	81	81	81	80	84	88
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		288	236	289	722	722	722	705	726	747
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		288	236	289	722	722	722	705	726	747
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		161	74	160	75	76	76	73	77	80
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		161	74	160	75	76	76	73	77	80
Infrastructure - Other		4	383	388	386	500	500	100	126	151
Waste Management		1	381	388	386	500	500	100	126	151
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	4	2	-	-	-	-	-	-	-
Community		260	274	146	154	158	158	156	164	172
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	5	11	11	11	11	11	12
Recreational facilities		139	139	141	141	145	145	145	152	160
Fire, safety & emergency		3	9	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		118	126	-	1	1	1	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	1	1	1	1	1	1
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		523	563	911	770	785	785	1 145	1 199	1 252
General vehicles	10	304	304	340	350	355	355	560	589	617
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		50	68	253	80	80	80	100	100	100
Computers - hardware/equipment		3	42	10	50	50	50	10	11	11
Furniture and other office equipment		81	79	80	110	110	110	244	256	269
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		84	71	229	180	190	190	231	243	255
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		6	63	-	-	-	-	-	-	-
Computers - software & programming		6	63	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Depreciation	1	1 440	1 769	2 094	2 300	2 447	2 447	2 392	2 514	2 637

Table 61 MBRR SA35 - Future financial implications of the capital budget

NC067 Khai-Ma - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Municipal Manager		165	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-
Vote 3 - Corporate Services		4 219	-	-	-	-	-	-
Vote 4 - Infrastructure Development		11 420	6 866	6 373	-	-	-	-
Vote 5 - Economic Development		-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
Total Capital Expenditure		15 803	6 866	6 373	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Municipal Manager		-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-
Vote 5 - Economic Development		-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates		-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		15 803	6 866	6 373	-	-	-	-

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

NC067 Khai-Ma - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Public Works		PUBLIC WORKS			Yes	General vehicles	Truck & LDV					1 300				New
Council General		Office Equipment			Yes	Furniture and other office equipment	Office Machines					40	-	-		New
Council General		MSG: Upgrading of Network (IT)			Yes	Computers - hardware/equipment	Computer Hardware					125	-	-		New
Library		Office equipment			Yes	Plant & Equipment	Plant & Equipment					70	-	-		New
Library		Building of Library Witbank			Yes	Libraries	Libraries					71	-	-		New
Municipal and Public Buildings		MIG:Community Halls			Yes	Community Halls	Community Halls					831	-	-		New
Municipal and Public Buildings		MIG:Community Halls			Yes	Community Halls	Community Halls					844	-	-		New
Municipal and Public Buildings		MIG:Community Halls			Yes	Community Halls	Community Halls					1 102	-	-		New
Electricity Distribution		INEP BPU: Upgrading of Network			Yes	Infrastructure - Electricity	Transmission & Reticulation					2 053	-	-		New
Roads		EPWP: Roads and Strom water			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					1 000	-	-		New
Roads		MIG: Roads and Storm water			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					8 367	6 866	6 373		New
Parent Capital expenditure	1											15 803	6 866	6 373		
Entities: <i>List all capital projects grouped by Entity</i>																
Entity A Water project A																
Entity B Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										-	-	15 803	6 866	6 373		

Table 63 MBRR SA37 - Projects delayed from previous financial year

No projects is delay during the 2012/2013 financial year

NC067 Khai-Ma - Supporting Table SA37 Consolidated projects delayed from previous financial year/s												
Municipal Vote/Capital project R thousand	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
<i>Entity Name</i> <i>Project name</i>												

2.3 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance of the municipality.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
The Namakwa District Municipality established a Audit Committee. This committee is established to service three municipalities in the Namakwa region.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the municipality training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 1197 of 28 May 2008. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance

NC067 Khai-Ma - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 medium term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		7 819	8 599	15 963	17 216	17 224	17 224	17 224	12 007	12 728	13 491
less Revenue Foregone		6 217	6 809	13 919	14 518	14 782	14 782	14 782	9 011	9 552	10 125
Net Property Rates		1 602	1 790	2 044	2 698	2 443	2 443	2 443	2 996	3 175	3 366
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		3 152	3 675	4 337	5 067	5 511	5 511	5 511	6 564	6 958	7 375
less Revenue Foregone		246	334	398	400	450	450	450	480	509	539
Net Service charges - electricity revenue		2 905	3 341	3 940	4 667	5 061	5 061	5 061	6 084	6 449	6 836
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue		3 658	4 519	5 742	7 792	7 914	7 914	7 914	9 172	14 675	15 556
less Revenue Foregone		2 546	3 165	1 604	2 309	1 850	1 850	1 850	2 786	4 458	4 725
Net Service charges - water revenue		1 112	1 354	4 137	5 483	6 064	6 064	6 064	6 386	10 217	10 831
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue		1 535	1 656	1 799	2 072	2 073	2 073	2 073	2 866	4 585	4 860
less Revenue Foregone		959	1 049	1 162	1 328	1 280	1 280	1 280	1 734	2 774	2 941
Net Service charges - sanitation revenue		576	607	637	744	793	793	793	1 132	1 811	1 919
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		1 317	1 504	1 676	1 930	1 930	1 930	1 930	2 371	3 794	4 021
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone		940	1 082	1 202	1 367	1 317	1 317	1 317	1 632	2 611	2 768
Net Service charges - refuse revenue		377	422	474	564	614	614	614	739	1 182	1 253
<u>Other Revenue by source</u>											
Other revenue		233	1 121	598	1 182	1 434	1 434	1 434	1 185	972	904
Total 'Other' Revenue	1	233	1 121	598	1 182	1 434	1 434	1 434	1 185	972	904

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	3 443	4 027	5 640	7 132	8 168	8 168	8 168	9 228	9 828	10 466
Pension and UIF Contributions		402	664	863	1 055	904	904	904	1 423	1 515	1 614
Medical Aid Contributions		213	–	–	741	412	412	412	994	1 059	1 128
Overtime		261	393	579	324	673	673	673	648	690	735
Performance Bonus		225	228	333	505	559	559	559	666	710	756
Motor Vehicle Allowance		786	291	327	1 304	1 265	1 265	1 265	1 375	1 465	1 560
Cellphone Allowance		–	–	–	–	–	–	–	–	–	–
Housing Allowances		29	16	16	33	25	25	25	22	23	25
Other benefits and allowances		35	–	–	66	63	63	63	33	36	38
Payments in lieu of leave		199	178	268	170	168	168	168	204	217	231
Long service awards		–	–	6	–	–	–	–	–	–	–
Post-retirement benefit obligations	4	202	447	460	220	292	292	292	315	335	357
sub-total	5	5 794	6 245	8 492	11 550	12 528	12 528	12 528	14 907	15 876	16 908
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	5 794	6 245	8 492	11 550	12 528	12 528	12 528	14 907	15 876	16 908
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		1 440	1 756	2 094	2 300	2 447	2 447	2 447	2 392	2 514	2 637
Lease amortisation		–	–	–	–	–	–	–	–	–	–
Capital asset impairment		–	13	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE	10	–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	1 440	1 769	2 094	2 300	2 447	2 447	2 447	2 392	2 514	2 637
Bulk purchases											
Electricity Bulk Purchases		2 324	2 666	3 302	3 987	3 927	3 927	3 927	4 504	4 733	4 965
Water Bulk Purchases		1 061	1 337	1 649	1 700	1 700	1 700	1 700	2 000	2 102	2 205
Total bulk purchases	1	3 385	4 003	4 951	5 687	5 627	5 627	5 627	6 504	6 835	7 170
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	–	–	–	–	–	–	–	–	–	–
Contracted services											
Electricity		244	210	242	–	270	270	270	–	–	–
Job Evaluations		–	–	–	10	10	10	10	5	5	6
Refuse		–	–	–	–	–	–	–	–	–	–
VAT Investigation Cost		(87)	–	–	–	–	–	–	–	–	–
sub-total	1	156	210	242	10	280	280	280	5	5	6
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		156	210	242	10	280	280	280	5	5	6
Other Expenditure By Type											
Collection costs		–	–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Consultant fees		–	–	–	–	–	–	–	–	–	–
Audit fees		459	900	1 077	1 570	1 601	1 601	1 601	700	736	772
General expenses	3	4 572	2 447	4 674	17 994	18 100	18 100	18 100	16 112	3 502	3 674
Repairs and Maintenance		725	740	1 063	1 570	1 601	1 601	1 601	1 707	1 794	1 881
Other Operating Grant Expenditure		–	8 430	10 059	–	–	–	–	2 277	2 452	2 626
Total 'Other' Expenditure	1	5 756	12 516	16 873	21 134	21 302	21 302	21 302	20 796	8 483	8 953
by Expenditure Item											
Employee related costs	8	–	–	–	–	–	–	–	–	–	–
Other materials		–	–	–	–	–	–	–	–	–	–
Contracted Services		–	–	–	–	–	–	–	–	–	–
Other Expenditure		725	740	1 063	1 570	1 601	1 601	1 601	1 707	1 794	1 881
Total Repairs and Maintenance Expenditure	9	725	740	1 063	1 570	1 601	1 601	1 601	1 707	1 794	1 881

NC067 Khai-Ma - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Municipal Manager	Vote 2 - Finance	Vote 3 - Corporate Services	Vote 4 - Infrastructur e Development	Vote 5 - Economic Development	Vote 6 - [NAME OF VOTE 6]	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates		-	2 996	-	-	-	-	-	-	-	-	-	-	-	-	-	2 996
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	6 084	-	-	-	-	-	-	-	-	-	-	-	6 084
Service charges - water revenue		-	-	-	6 386	-	-	-	-	-	-	-	-	-	-	-	6 386
Service charges - sanitation revenue		-	-	-	1 132	-	-	-	-	-	-	-	-	-	-	-	1 132
Service charges - refuse revenue		-	-	-	739	-	-	-	-	-	-	-	-	-	-	-	739
Service charges - other		-	-	8	12	-	-	-	-	-	-	-	-	-	-	-	20
Rental of facilities and equipment		-	428	-	5	-	-	-	-	-	-	-	-	-	-	-	433
Interest earned - external investments		-	-	200	-	-	-	-	-	-	-	-	-	-	-	-	200
Interest earned - outstanding debtors		-	150	-	653	-	-	-	-	-	-	-	-	-	-	-	803
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	30	-	-	-	-	-	-	-	-	-	-	-	-	-	30
Licences and permits		-	36	-	-	-	-	-	-	-	-	-	-	-	-	-	36
Agency services		-	135	-	-	-	-	-	-	-	-	-	-	-	-	-	135
Other revenue		-	3	6	1 176	-	-	-	-	-	-	-	-	-	-	-	1 185
Transfers recognised - operational		314	15 235	484	130	13 339	-	-	-	-	-	-	-	-	-	-	29 502
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		314	19 013	698	16 316	13 339	-	-	-	-	-	-	-	-	-	-	49 680
Expenditure By Type																	
Employee related costs		2 018	1 770	4 381	5 773	966	-	-	-	-	-	-	-	-	-	-	14 907
Remuneration of councillors		1 991	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 991
Debt impairment		-	350	-	1 586	-	-	-	-	-	-	-	-	-	-	-	1 936
Depreciation & asset impairment		244	1	801	1 345	-	-	-	-	-	-	-	-	-	-	-	2 392
Finance charges		-	20	120	207	-	-	-	-	-	-	-	-	-	-	-	347
Bulk purchases		-	400	-	6 104	-	-	-	-	-	-	-	-	-	-	-	6 504
Other materials		-	-	154	1 238	-	-	-	-	-	-	-	-	-	-	-	1 393
Contracted services		-	-	5	-	-	-	-	-	-	-	-	-	-	-	-	5
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		394	2 837	680	3 761	13 124	-	-	-	-	-	-	-	-	-	-	20 796
Loss on disposal of PPE		20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
Total Expenditure		4 667	5 379	6 141	20 013	14 089	-	-	-	-	-	-	-	-	-	-	50 289
Surplus/(Deficit)		(4 353)	13 635	(5 443)	(3 697)	(751)	-	-	-	-	-	-	-	-	-	-	(610)
Transfers recognised - capital		125	-	2 919	11 420	-	-	-	-	-	-	-	-	-	-	-	14 463
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(4 228)	13 635	(2 524)	7 723	(751)	-	-	-	-	-	-	-	-	-	-	13 854

Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC067 Khai-Ma - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		–	5 021	9 296	200	200	200	200	3 000	3 150	3 200
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	–	5 021	9 296	200	200	200	200	3 000	3 150	3 200
Consumer debtors											
Consumer debtors		5 786	7 150	12 708	11 857	12 811	12 811	12 811	18 018	24 878	32 149
Less: Provision for debt impairment		(3 652)	(5 223)	(10 036)	(8 831)	(8 731)	(8 731)	(8 731)	(13 785)	(15 820)	(17 954)
Total Consumer debtors	2	2 134	1 927	2 672	3 027	4 080	4 080	4 080	4 233	9 058	14 196
Debt impairment provision											
Balance at the beginning of the year		6 105	6 495	5 223	6 918	6 918	6 918	6 918	11 850	13 785	15 820
Contributions to the provision		–	1 570	7 958	1 913	1 813	1 813	1 813	1 936	2 034	2 134
Bad debts written off		(2 452)	(2 842)	(3 145)	–	–	–	–	–	–	–
Balance at end of year		3 652	5 223	10 036	8 831	8 731	8 731	8 731	13 785	15 820	17 954
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		65 809	75 206	77 907	95 658	97 438	94 590	94 590	100 437	107 303	113 676
Leases recognised as PPE	3	114	–	100	–	–	–	–	100	100	100
Less: Accumulated depreciation		10 992	12 261	13 934	16 402	16 549	16 549	16 549	18 772	21 286	23 923
Total Property, plant and equipment (PPE)	2	54 932	62 945	64 073	79 256	80 889	78 040	78 040	81 765	86 117	89 853
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		120	260	19	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		120	260	19	–	–	–	–	–	–	–
Trade and other payables											
Trade and other creditors		4 303	5 907	6 838	6 324	6 324	6 324	6 324	7 522	8 274	9 101
Unspent conditional transfers		8 894	6 118	10 527	–	–	2 849	2 849	–	–	–
VAT		–	–	–	88	88	88	88	–	–	–
Total Trade and other payables	2	13 197	12 025	17 365	6 412	6 412	9 260	9 260	7 522	8 274	9 101
Non current liabilities - Borrowing											
Borrowing	4	234	74	–	–	–	–	–	1 300	1 090	856
Finance leases (including PPP asset element)		9	–	55	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		243	74	55	–	–	–	–	1 300	1 090	856
Provisions - non-current											
Retirement benefits		2 310	2 969	3 664	3 336	3 336	3 336	3 336	4 031	4 272	4 529
List other major provision items		–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation		2 989	3 170	3 863	3 561	3 561	3 561	3 561	4 095	4 340	4 601
Other		–	–	–	–	–	–	–	–	–	–
Total Provisions - non-current		5 299	6 138	7 527	6 897	6 897	6 897	6 897	8 125	8 613	9 130
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		35 106	33 560	52 476	61 419	61 419	61 419	61 419	69 928	83 917	94 454
GRAP adjustments		9 270	9 029	167	–	–	–	–	–	–	–
Restated balance		44 376	42 589	52 643	61 419	61 419	61 419	61 419	69 928	83 917	94 454
Surplus/(Deficit)		(1 929)	9 752	(2 215)	9 845	11 223	8 375	8 375	13 854	10 402	10 287
Appropriations to Reserves		(1)	(1)	(1)	(1)	(1)	(1)	(1)	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		143	135	135	135	135	135	135	135	135	135
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	42 589	52 476	50 563	71 398	72 776	69 928	69 928	83 917	94 454	104 876
Reserves											
Housing Development Fund		13	14	15	14	14	14	14	14	14	14
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		4 205	4 069	3 934	3 753	3 753	3 753	3 753	3 663	3 528	3 393
Total Reserves	2	4 218	4 083	3 949	3 767	3 767	3 767	3 767	3 677	3 542	3 407
TOTAL COMMUNITY WEALTH/EQUITY	2	46 808	56 560	54 511	75 165	76 543	73 694	73 694	87 594	97 996	108 283

Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NC067 Khai-Ma - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						13	13	13	14	11	12	12
Females aged 5 - 14						-	-	-	-	1	1	1
Males aged 5 - 14						-	-	-	-	1	1	1
Females aged 15 - 34						6	6	6	6	2	2	2
Males aged 15 - 34						7	7	7	7	2	2	2
Unemployment						1	1	1	1	1	1	1
Monthly household income (no. of households)	1, 12											
No income										99	102	104
R1 - R1 600										2 174	2 228	2 284
R1 601 - R3 200										440	451	462
R3 201 - R6 400										393	402	413
R6 401 - R12 800										201	206	515
R12 801 - R25 600										43	44	45
R25 601 - R51 200										12	12	12
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13									2174.00	2228.00	2284.00
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						13	13	13	14	2	2	2
Number of poor people in municipal area						6	6	7	7	0	0	0
Number of households in municipal area						2	2	2	2	3		
Number of poor households in municipal area						1	2	2	2			
Definition of poor household (R per month)						1 920	2 010	2 280	2 348	2 500	2 625	2 756
Housing statistics	3											
Formal						470	473	487	502	510	523	536
Informal						2 604	2 682	2 762	2 845	2 852	2 923	2 996
Total number of households		-	-	-	-	3 074	3 155	3 249	3 347	3 362	3 446	3 532
Dwellings provided by municipality	4											
Dwellings provided by province/s						-	-	-	384	-	-	-
Dwellings provided by private sector	5											
Total new housing dwellings		-	-	-	-	-	-	-	384	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)						6.6%	5.5%	5.7%	5.9%	5.5%	5.5%	5.9%
Interest rate - borrowing						10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Interest rate - investment						8.0%	8.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Remuneration increases						7.0%	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%
Consumption growth (electricity)						1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Consumption growth (water)						10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Collection rates	7											
Property tax/service charges						97.0%	100.0%	100.0%	85.0%	80.0%	80.0%	80.0%
Rental of facilities & equipment						100.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Interest - external investments						100.0%	100.0%	100.0%	80.0%	80.0%	80.0%	80.0%
Interest - debtors						100.0%	100.0%	100.0%	60.0%	60.0%	60.0%	60.0%
Revenue from agency services						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 68 MBRR SA32 – List of external mechanisms


NC067 Khai-Ma - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
PELLA WATER BOARD	Yrs	ONGOING	WATER	ONGOING	100
PAYDAY	Yrs	ONGOING	MAINTENANCE AGREEMENT	ONGOING	
NASHUA	Yrs	2	PHOTO COPIERS	30/11/2016	
BUSINESS CONNEXIONS	Yrs	ONGOING	MAINTENANCE AGREEMENT	ONGOING	

2.12 Municipal manager's quality certificate

I, E.J. Vries, municipal manager of Khâi-MA Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name E.J. Vries

Municipal manager of Khâi-MA MUNICIPALITY (NC067)

Signature 

Date 31/05/2013

